TNEB LIMITED

12th ANNUAL REPORT
2020-21

Regd. Office: NPKRR MAALIGAI (TNEB Office), 144 Anna Salai, Chennai 600 002.

INDEX

TNEB LIMITED

Financial Year 2020-21

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DIRECTORS' REPORT

Dear Members,

The Board of Directors of TNEB Limited have immense pleasure in presentation of its 12th Annual Report on the working of the Company together with Audited Accounts for the financial year 2020-21 and report of statutory auditors thereon.

1. State of Company's Affairs.

1.1 Formation of TNEB Limited.

The company was formed after restructuring of erstwhile Tamilnadu Electricity Board, as a holding company owned by Government of Tamilnadu. The Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) and the Tamilnadu Transmission Corporation Limited (TANTRANSCO) are two of its subsidiaries from the restructuring of erstwhile Tamilnadu Electricity Board.

1.2 Transfer Scheme

The Government of Tamil Nadu has approved the second provisional transfer scheme transferring the assets and liabilities to the company and notified the same vide G.O. (Ms) No.2 (Energy (B2) Department), dated 02.01.2012. Now the Government of Tamil Nadu vide G.O.Ms.49/Energy (B1) department, dated 13.08.2015 has issued orders for amendment to the existing Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme 2010 for giving effect to transfer of assets and liabilities to successor entities of erstwhile Tamil Nadu Electricity Board as on 01.11.2010. The final transfer scheme has already been given effect in the financial year 2015-16.

1.3 Expenses Shared by Subsidiary Companies:

As per clause 11(5) of the provisional transfer scheme,

"The *expenditure incurred by the TNEB Limited will be reimbursed on actual basis by TANGEDCO and TANTRANSCO in the proportion determined by the Chairman TNEB Ltd. in consultation with TANGEDCO and TANTRANSCO*". The proportionate share has been fixed initially,based on share capital investment by TNEB Limited in TANGEDCO

and TANTRANSCO as per G.O. Ms.02 dated 23.02.2012 and subsequently finalized as 60:40, based on Final Transfer Scheme notified by Government of Tamil Nadu.

1.4 Transfer of Employees

As per clause 6(2) and (5) of G.O. No. 100 dated 19.10.2010 all the employees of the erstwhile TNEB are considered as the employees of TANGEDCO. Those employees doing common services at headquarters area are considered to be on deputation from TANGEDCO to TNEB Limited.

The information under section 217 (2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 may be taken as nil as no employees were on role and company has not booked any remuneration of employees in its books of accounts.

1.5 Functions of TNEB Limited

As per Schedule C (PART I - Holding Undertakings) of the transfer scheme notified by Government of Tamil Nadu vide G.O. Ms No. 100 dated 19.10.2010, the following are the functions to be retained with the TNEB Limited.

(1) TNEB Limited will be primarily an investment company and shall invest in companies in the field of electricity. These companies may be engaged in the business of generation, transmission, distribution and trading of electricity or any or all of these activities.

(2) Control over and supervision of Common Assets and the Management of the Common Facilities and Common Services.

(3) The State Government may at any time and from time to time direct the transfer of the functions relating to any of the above projects or schemes or any part thereof to any of the Transferees, as the State Government may decide.

The objects incidental or ancillary to the attainment of the main objects mentioned above are narrated in the Memorandum of Association of the Company.

2 Financial Review of TNEB Ltd:

2.1 Balance Sheet as on 31.03.2021

A Brief summary of the accounts are furnished below:

(Rs. In crores)

Sl. No.	Description	Balance as on 31.03.2021	Balance as on 31.03.2020	Balance as on 31.03.2019
	Assets			
1	Non-Current Assets	25,656.05	25,654.61	24888.55
2	Current Assets	5.06	4.33	3.56
	Total Assets	**25,661.11**	**25,658.94**	**24,892.11**
	Equity and Liabilities			
3	Equity share capital	25,375.94	25,375.94	24612.35
4	Other Equity	252.58	253.31	254.04
	Liabilities			
5	Current Liabilities	32.59	29.69	25.72
	Total Equity and Liabilities	**25,661.11**	**25,658.94**	**24,892.11**

1.2 Profit and Loss A/c (Rs. In Crores)

Sl.No.	Description	2020-21	2019-20
I	**Income**		
II	**Expenditure**		
1	Admn. & Gen Exp		
2	Depreciation & others	0.73	0.73
	Total Expenditure	**0.73**	**0.73**
	Profit/(Loss)	**(0.73)**	**(0.73)**

The expenses like maintenance of guest house and Head quarters high rise building, Registrar of Company filing fees, Audit Fees, etc. are booked in TNEB Limited and transferred to respective subsidiary Companies in the Expenses showing ratio.

3.Change in the Nature of Business:

The company is in to the Business of investment of Power Sector and there has been no change in the nature of Business.

TANGEDCO and TANTRANSCO are its subsidiaries in the Business of Generation, Distribution and Transmission of electricity respectively and there has been no change in their nature of Business during the financial year.

4. There are no additions or cessions to the company's subsidiaries during the financial year 2019-20 and the company does not have any joint ventures or associate company.

5. Financial performance of Subsidiary Companies:

5.1 TANGEDCO's Profit and Loss Account for the year 2020-21(IN CRORE)

Sl.No.	Description	TANGEDCO
1	Revenue from operations	48920.92
2	Other Income	5313.25
	Total Income	**54234.17**
4	Cost of Power Purchase	38459.76
5	Cost of Power Generation	5566.37
6	Employee benefit expenses	7386.69
7	Finance costs	10892.96
8	Depreciation and amortization expenses	3876.92
9	Other expenses	1117.50
	Total Expense	**67300.25**
	Profit/(Loss)	**(13066.03)**
10	Other comprehensive income	**275.57**
	Total comprehensive income for the year	**(12790.46)**

5.2 TANTRANSCO's Profit and Loss Account for the year 2020-21

Sl. No.	Description	Amount (Rs. In Crores)
1	Revenue from operations	3122.77
2	Other Income	268.29
	Total Income	**3391.06**
3	Employee benefit expenses	3506.87
4	Finance costs	1602.25
5	Depreciation and amortization expenses	1491.07
6	Other expenses	193.14
	Total Expense	**6793.33**
	Profit/(Loss)	**(3402.27)**
7	Other comprehensive income	**1651.71**
	Total comprehensive income for the year	**(1750.56)**

6.Board Meetings:

The details of Board Meetings held during the financial year 2020-21 are given below:

Sl. No. of Meeting	Date	Board Strength	No. of Directors Present
66	19.08.2020	8	8
67	16.12.2020	8	7
68	18.02.2021	8	6

The details of Audit Committee Meetings are given below:

Sl. No. of Meeting	Date	Board Strength	No. of Directors Present
13	18.02.2021	4	3

7. Directorate:

Directorate (Financial Year ending 31.03.2021):

Sl. No.	Name	Designation
1.	a. Mr. Pankaj Kumar Bansal (From 08.06.2020 to 17.05.2021)	Chairman cum Managing Director
2	a. Tmty. M.A. Helen, (From 01.12.2016 to 27.05.2021)	Director (Distribution)
5	a. Thiru. R. Ethiraj (From 24-10-2019 to 27.05.2021)	Director (Generation)
6	Thiru. K. Sundaravadhanam (From 24.09.2018 to Till date)	Director (Finance)
8	Thiru. S. Shanmugam, (From 01.03.2016 to till date)	Part time Director /TG
9	a. Thiru. S. Krishnan, I.A.S., Additional Chief Secretary to Govt., (Finance Department) (From 01.07.2019 to 06.11.2021)	Director (Ex-Officio)
10	a. Mr. S.K. Prabakar, I.A.S., Principal Secretary to Govt. (Energy Depart.) (From 08.06.2020 to 26.05.2021)	Director (Ex-Officio)
11	a. Tmty. E. Sundaravalli, I.A.S., Addl. Secretary to Govt. (Industries Depart.) (From 07.06.2020 to 23.09.2020)	Director (Ex-Officio)
	b. Tmty. V. Amudavalli, I.A.S., Addl. Secretary to Govt. (Industries Depart.) (From 23.09.2020 to 05.08.2021)	

8.The company is in the process of appointing Independent Directors.

9. The annual formal evaluation is done in the Board Meetings/AGM.

10.Audit Committee:

In compliance with the provision of Sec 177 of the Companies Act 2013,an Audit Committee was constituted by the Company with Chairman and Ex-Officio Directors of TNEB Limited.

11. The provisions of Section 177 (9) of Companies Act 2013, for establishment of Vigil Mechanism is not applicable to the Company, as it neither accepted any deposits from the public nor have borrowed money from Banks and Financial Institutions in excess of Rs.50 crore.

12. Directors Responsibility Statement:-

As required under Section 134 (3(C)) of the Companies Act, 2013, your Directors confirm that:

(i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2021 and of the loss of the company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors had prepared the annual accounts on a going concern basis. and

(v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. The Company has not accepted any deposits from the Public/others during 2020-21 or earlier.

14.Statutory Auditors:

The C&AG of India have appointed M/s.VDSR & Co., LLP, Chartered Accountants, Chennai as statutory auditors for the financial year 2020-21.

15. Secretarial Audit:

The Board has appointed M/s Ramachandran & Associates, Practicing Company Secretary to conduct secretarial audit for the year 2020-21.

16.Loans/Guarantees/Investments under section 186:

16.1. Loans availed during the year 2020-21:

The company has not availed loans from Funds, Investments/Banks during the year 2020-21.

16.2 Investments made during the year 2020-21:

Sl. no	TANGEDCO		TANTRANSCO		Consideration
	No. of Shares	Value @Rs.10 per share	No. of Shares	Value @Rs.10 per share	
1	Nil	Nil	Nil	Nil	Non Cash Consideration

17. There are no contracts or arrangements entered with related parties referred to in sub-section 188.

18. The company is merely an investment company; hence the proposal to transfer to reserves does not arise.

19. As the Company has not earned any profit during the year no dividend declared for the year 2020-21.

20. Except to the statement of affairs as detailed in Serial No.1, there are no material changes and commitments affecting the Financial position of Company.

21. Since the Company is merely an investment company, there are no significant particular, relating to conservation of energy, technology absorption.

22. During the period under review, there was no earning or expenditure in foreign currency.

23. There are no risks or elements affecting the existence of the company in the near future.

24. The company is in the process of forming CSR committee and CSR policies.

25. There are no significant or material orders passed by Courts/Regulations/Tribunals affecting the Company's future operations.

26. The expenses of the company are Auditor's fees, maintenance expenses, ROC fees, depreciation etc for which adequacy of financial control has been ensured.

27. As there is no employees on roll during 2020-21,the disclosure under Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

28. ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for all the support and guidance extended by the Government of Tamil Nadu, Government of India, Hon'ble Tamil Nadu Electricity Regulatory Commission, TANGEDCO, TANTRANSCO and other Agencies such as Government treasury, CEA, CERC, Financial Institutions viz., REC, PFC, TNPFC, HUDCO, NABARD etc and Commercial Banks.Further, the Board wish to record the Ministry of Corporate Affairs, Registrar of Companies, Comptroller and Auditor General of India (C&AG), Statutory Auditors, Standing Councils and the General Public for co-operation and active support to TNEB Ltd, in our endeavor to serve them. The Board of Directors would also like to place on record its appreciation for the dedicated and committed services rendered by the employees of the Corporation.

Chairman cum Managing Director
TNEB LIMITED

Date:
Place: Chennai

सत्यमेव जयते

कार्यालय प्रधान महालेखाकार (लेखापरीक्षा-II)
तमिलनाडु एवं पुदुचेरी

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II)
TAMILNADU & PUDUCHERRY

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

स. प्रमले. (लेखापरीक्षा II)/ शा. का टी एन ई बी /डेटा बैंक /2025-26/ 21
No. PAG (Audit II)/BO TNEB/DATA BANK/2025-26/

31.12.2025
.12.2025

सेवा में/To

अध्यक्ष,
टीएनईबी लिमिटेड
चेन्नई - 600 002

The Chairman,
TNEB Limited,
Chennai – 600 002.

महोदय Sir/ महोदया Madam,

विषय: 31 मार्च, 2021 को समाप्त वर्ष के लिए, **टीएनईबी लिमिटेड** चेन्नई के खातों पर कंपनी अधिनियम, 2013 के अधीन धारा 143(6)(बी) के नि.व म.लेप. की टिप्पणी ।

Sub: Comments of the C&AG of India u/s 143(6)(b) of the Companies Act, 2013 on the accounts of TNEB Limited, Chennai for the year ended 31 March 2021.

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31 मार्च, 2021 को समाप्त वर्ष के लिए, **टीएनईबी लिमिटेड** चेन्नई के खातों पर कंपनी अधिनियम, 2013 की धारा 143(6)(बी) के अधीन भारत के नियंत्रक एवं महालेखापरीक्षक के टिप्पणियाँ प्रमाण-पत्र मैं इस के साथ अग्रेषित कर रहा हूँ ।

I am to forward herewith the COMMENTS CERTIFICATE of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act, 2013 on standalone and consolidated financial statements of TNEB Limited, Chennai for the year ended 31 March 2021.

वार्षिक सामान्य बैठक के कार्यवृत की एक प्रति जिसमें कंपनी अधिनियम 2013 की धारा 143 (6)(बी) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणी प्रस्तुत की जानी है, उसे इस कार्यालय को कृपया यथाशीघ्र भेजी जाए । मुद्रित वार्षिक रिपोर्ट की छः प्रतियाँ जब भी तैयार होती हैं, इस कार्यालय को अग्रेषित की जाएं । लेखा परीक्षा की सूचना के तहत कंपनी अधिनियम, 2013 की धारा 395 के साथ पठित सीएजी के डीपीसी अधिनियम की धारा 19 ए (3) के तहत विधान सभा के समक्ष सीएजी की टिप्पणियों के साथ वार्षिक खातों को रखने के लिए कार्रवाई की जा सकती है।

A copy of the minutes of Annual General Meeting in which comments of Comptroller & Auditor General of India are to be placed under section 143 (6) (b) of the Companies Act 2013 may please be sent to this office early. Six copies of printed Annual Reports as and when they are ready may be forwarded to this office. Action may be taken to place the annual accounts along with comments of C&AG before the legislative assembly as required under Section 19 A (3) of C&AG's DPC Act read with Section 395 of Companies Act, 2013 under intimation to audit.

भवदीय/Yours sincerely,

संलग्न: यथोपरि
Encl: As above

उप महालेखाकार
Deputy Accountant General

"लेखापरीक्षा भवन" 361, अण्णा सालै, चेन्नई-600 018 "Audit Bhawan", 361, Anna Salai, Chennai - 600 018
दू.भा/Phone : 044 - 24316560 to 6666; फैक्स/Fax : 044 - 2431 1659
ई-मेल/E-mail : agautamilnadu2@cag.gov.in

रा. तिरुपति वेंकटसामी, भा ले से से
R. THIRUPPATHI VENKATASAMY, IAAS



प्रधान महालेखाकार (लेखापरीक्षा-II)
तमिलनाडु एवं पुदुचेरी
PRINCIPAL ACCOUNTANT GENERAL
(AUDIT- II)
TAMILNADU & PUDUCHERRY

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF THE TNEB LIMITED FOR THE YEAR ENDED 31ST MARCH 2021

The preparation of standalone financial statements of the TNEB Limited, Chennai for the year ended 31st March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 07.04.2025, which superseded their earlier Audit Report dated 18.12.2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of TNEB Limited for the year ended 31st March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision(s) made in the statutory auditors' report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the C&AG of India

Place : Chennai
Date : 30.12.2025

30/12/25

R.Thiruppathi Venkatasamy, IA&AS
Principal Accountant General

"Audit Bhawan", 361, Anna Salai, Teynampet, Chennai-600 018.
Phone : (O) 044 2431 6555 / E mail:agautamilnadu2@cag.gov.in

रा. तिरुपति वेंकटसामी, भा ले से
R. THIRUPPATHI VENKATASAMY, IAAS

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प्रधान महालेखाकार (लेखापरीक्षा-II)
तमिलनाडु एवं पुदुचेरी
PRINCIPAL ACCOUNTANT GENERAL
(AUDIT- II)
TAMILNADU & PUDUCHERRY

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TNEB LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of the TNEB Limited, Chennai (Company) for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 07.04.2025 which supersedes their earlier Audit Report dated 18.12.2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the consolidated financial statements of TNEB Limited for the year ended 31 March 2021. We conducted a supplementary audit of the financial statements of TNEB Limited, Tamil Nadu Generation Distribution Corporation Limited (TANGEDCO) and Tamil Nadu Transmission Corporation Limited (TANTRANSCO) for the year ended on that date. We decided not to conduct the supplementary audit of the financial statements of Udangudi Power Corporation Limited for the year ended on

"Audit Bhawan", 361, Anna Salai, Teynampet, Chennai-600 018.
Phone : (O) 044 2431 6555 / E mail:agaitamilnadu2@cag.gov.in

that date[1]. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor vide his Report dated 07.04.2025 to give effect to some of my audit observations raised during supplementary audit.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129 (4) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on consolidated Profitability

Statement of Profit and Loss

A. 1 Income

Revenue from Operations – Note 26 - ₹49,772.59 crore

(i) Following the collection of demand charges (which is levied on the KVA demand actually recorded in the month or 90 *per cent* of the sanctioned demand whichever is higher) from HT consumers by TANGEDCO, 1,381 consumers approached the Tamil Nadu Electricity Regulatory Commission (TNERC) to waive off the excess demand, i.e., the difference between 90 *per cent* of the sanctioned demand and the actual recorded demand due to COVID situation. TNERC instructed (May 2020) TANGEDCO to collect 20 *per cent* of the sanctioned demand or recorded demand whichever is higher during the lockdown period from 24 March 2020 to 5 May 2020. This was also upheld by the Hon'ble High Court which directed to rework the excess demand collected for these consumers. Based on the judgment, TANGEDCO refunded ₹86.80 crore. However, for the remaining HT consumers, TANGEDCO has not worked out the financial impact.

(ii) The above head included ₹1,618.35 crore, being the amount collected from consumers towards recovery of cost of capital assets in the form of consumer contribution, development charges, self-financing for agricultural service connections, etc. As the amounts collected are in the nature of capital receipts, accounting the same as revenue receipts is not in order. The above amount should have been either amortized over the useful life of the capital assets created for providing service connections to the consumers or adjusted against the cost of Property, Plant and Equipment. This has resulted in overstatement of Revenue from Operations and understatement of Other non-current Liabilities as well as loss by ₹1,618.35 crore.

(iii) TANTRANSCO collects transmission charges based on the tariff rate of ₹3,037.30 per MW per day as determined by TNERC order dated 11.08.2017 for Medium Term Open Access (MTOA) and Long-Term Open Access (LTOA) capacity of 28,122 MW. Even

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[1] The supplementary audit of the following companies are being conducted by the other offices of the C&AG, *viz.*, Mandakini B Coal Corporation Limited by the Principal Accountant General (Audit II), Odisha, Maha Tamil Collieries Limited by the Principal Accountant General (Audit II), Maharashtra, NTPC Tamil Nadu Energy Company Limited and NLC Tamil Nadu Power Limited by Principal Director of Commercial Audit & Ex-officio, MAB, Chennai

though the actual allotted transmission capacity for MTOA and LTOA has increased from 28,122 MW to 30,828 MW for the financial years 2018-19 to 2020-21, TANTRANSCO continued to claim transmission charges for the originally allotted transmission capacity (28,122 MW) fixed by TNERC during the above order of August 2017 which resulted in short collection of revenue to the extent of ₹547.77 crore. As a result, transmission charges and Trade Receivables are understated. Consequently, loss for the year is overstated by ₹547.77 crore.

A.2. Other Income (Note 27) - ₹5,581.54 crore

It includes ₹1.35 crore being the devolution value of 500 MVA transformer which should have been accounted under Property, Plant and Equipment. This has resulted in overstatement of Other Income and understatement of Property, Plant and Equipment by ₹1.35 crore with corresponding understatement of loss.

A.3 Expenses
Employee Benefit Expenses (Note 30) - ₹10,893.56 crore

This is understated by ₹15.58 crore due to non-provision for the deduction made from the staff towards National Health Insurance Scheme (NHIS) from November 2020 to March 2021, which is payable to the Insurance Company. Resultantly, liability to Insurance Company and the loss for the year are understated by ₹15.58 crore.

A.4 Depreciation and Amortisation expenses (Note 32) - ₹5,368.72 Crore

With regard to the above head, the following points were noticed:

(i) As per the significant accounting policy No.3 (a) (iii), depreciation is calculated from the date of capitalization or procurement of assets as determined by the Group's technical team which is against the Para 55 of Ind AS 16 wherein it is stated that the depreciation of an asset begins when it is available for intended use.

(ii) As per Para 51 and 61 of Ind AS 16 (PPE) the residual value, the useful life of an asset and the depreciation method shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the Group did not perform reassessment of the estimated useful life and residual life and value and revision of rates of the item of PPE at the end of each reporting period for the financial years 2019-20 and 2020-21 as per its accounting policy.

B. Comments on Consolidated Financial Position
B.1 Assets
Non-Current Assets
Property, Plant and Equipment- Note 4(a)- ₹91,974.63 crore

(i) This is understated by ₹109.50 crore due to non-capitalisation of value of Sub-stations, transmission lines, power transformer and 11 KV feeders which were completed and commissioned before 31st March 2021. This has resulted in understatement of Property, Plant and Equipment by ₹109.50 crore and overstatement of Capital Work in Progress by ₹113.57 crore with corresponding understatement of depreciation and loss by ₹4.07 crore.

(ii) This is understated by ₹1.18 crore due to non-accountal of the Transfer Debit Advice sent by GCC Madurai for materials issued which have been accepted by NCES Tirunelveli.

Non-capitalisation of the above materials resulted in understatement of Property, Plant and Equipment by ₹1.18 crore and consequent understatement of inter unit balances under Other Current Liabilities by ₹1.21 crore with corresponding understatement of depreciation and loss by ₹2.95 lakh.

(iii) It does not include ₹2.97 crore being the materials received before 31st March 2021 but pending inspection on that date which resulted in understatement of Property, Plant and Equipment and consequent understatement of Financial Liabilities-Trade payables by ₹2.97 crore.

B.2 Capital work in progress - Note 4 (a)- ₹47,773.29 crore

(i) The above head includes ₹2,124.32 crore being the value of works completed during the period from October 2010 to October 2020 under different schemes omitted to be capitalized and continued as capital works in progress even after completion of the scheme. Further, the above head also includes ₹832.21 crore representing the IDC amount to be allocated to various assets which were already commissioned and not capitalized till 2020-21. Due to this, the above head is overstated by ₹2,956.53 crore and Property, Plant and Equipment is understated by ₹2,665.89 crore and depreciation is understated by ₹290.64 crore resultantly, loss of the Company is understated by ₹290.64 crore.

(ii) This includes a sum of ₹197.33 crore being the value of works completed prior to 31st March 2021 but omitted to be capitalized during 2020-21. This has resulted in overstatement of Capital Works in Progress by ₹197.33 crore and understatement of Property, Plant and Equipment by ₹186.30 crore with corresponding understatement of Depreciation by ₹11.03 crore. Resultantly, loss of the Company is understated by ₹11.03 crore.

B.3 Current Assets
Inventories
Note 8 - ₹2,173.89 crore

This includes ₹22.03 crore being the value of 600 MW generator exciter assembly complete set, kept by TANGEDCO as stand-by equipment for the 2X600 MW units of NCTPS II. As stand-by equipment shall be classified under Property, Plant and Equipment as per Ind AS 16, accounting of the above equipment as Inventories has resulted in overstatement of the above head by ₹22.03 crore, understatement of Property, Plant and Equipment by ₹ 18.72 crore and understatement of depreciation by ₹3.31 crore. This has also resulted in understatement of loss for the year by ₹3.31 crore.

B.4 Financial Assets
Trade receivable
Note 9 - ₹7,318.94 crore

The above head is understated by ₹86.42 crore due to providing of excess loss allowance on trade receivables over the 2.5 *per cent* of trade receivable to be provided as per the Accounting Policy of TANGEDCO. This resulted in understatement of Trade Receivables and overstatement of negative balance of Other Equity by ₹86.42 crore. Consequently, the loss for the year is also overstated by the same amount.

B.5. Liabilities
Non-Current Liabilities-
Other Non-Current Liabilities (Note 20)

TANTRANSCO did not have the details of the assets commissioned and assets under construction out of Grant of ₹547.09 crore, which has been included under Deferred Revenue. Even though, the Company recognised the entire grant as Deferred Revenue under non-current liabilities as per the accounting policy No.3 (p), it has been stated that the grants will be treated as deferred income over the useful life of the assets. But, TANTRANSCO did not have the details of the assets commissioned, assets under construction and date of commissioning pending completion etc., pending the grant amount has been exhibited under Deferred Revenue. This needs disclosure.

B.6 Current Liabilities
Financial Liabilities- Trade payables (Note 22)- ₹31,541.20 crore

This is understated by ₹9.42 crore due to non-provision of liability in respect of materials received before the accounting year, for which, payment for 30 *per cent* of the value is pending as on 31.03.2021. This has resulted in understatement of Trade Payables and Capital Work in Progress is also understated by ₹9.42 crore.

C. Comments on Disclosure

C.1 Commitment and Contingent Liabilities (Note 52)

As per Section 7 of the GST Act, 2017 the transfer of assets categorized under supply of material attracts 18 *per cent* GST. However, TANTRANSCO filed writ petition seeking remedy on the applicability of GST in respect of inter Company transactions. From April 2020 to March 2021, assets valuing ₹207.42 crore were commissioned and GST payable on the above works out to ₹37.34 crore. As an appeal was filed in respect of levy of GST for inter unit transaction the same should have been disclosed under contingent liabilities. Non-inclusion of the same resulted in understatement of contingent liability by ₹37.34 crore.

C.2 Item No. 28.18: Quantitative details of Transmission and loss of Energy (Energy difference)

(i) As per approved annual accounts of TANGEDCO, total energy injected/available including Own Generation and Power Purchase was 3,29,074 MU whereas the energy injected from Generator/interstate as per TANTRANSCO account was 3,21,070.35 MU and hence there is difference of 8,003.65 MU valuing ₹3,859.22 crore between subsidiaries/related parties. This mismatch and the fact of non-reconciliation should be disclosed in the Notes to Accounts.

(ii) The Financial Statements of the Group has not complied with all the provisions of Companies (Indian Accounting Standards (Ind AS) Rules 2015 ("CASR 2015") as prescribed under Section 133 of the Companies Act, 2013 which stipulated mandatory adoption and applicability of Ind AS. The fact that non follow up of fair valuation in respect of Employee loan, EMD/Security deposits as required above and its impact was not disclosed in the Notes to Accounts.

Net Impact of Comments

The net impact of above Comments is that the Loss for the year is understated by ₹1,310.16 crore. If this is taken into account, the reported loss for the year of ₹16,322.74 crore would increase to ₹17,632.90 crore.

D. Other Comments

For preparation of the Consolidated Financial Statements of TNEB Limited for the year ended 31 March 2021, TNEB Limited has considered the restated balances as on 01 April 2021 in the revised financial statements of TANGEDCO Limited for the year ended 31 March 2022 instead of the balances as on 31 March 2021 in the revised financial statements of TANGEDCO Limited for the year ended 31 March 2021. This has been pointed out by the Statutory Auditors in their Report. There is no specific Ind AS provision for adoption of the restated opening balances of the subsequent financial year of the subsidiary, which have been restated for prior period errors, for the preparation of Consolidated Financial Statements of the holding Company. As the restated balances, inter alia, include entries passed in the books of accounts of TANGEDCO for the year 2021-22 based on eleven comments included under Comments on the revised financial statements of TANGEDCO for the year ended 31 March 2021, these comments have been excluded from the Comments on the consolidated financial statements of the TNEB Limited for the year ended 31 March 2021 as the relevant entries for rectification have been passed for restatement.

E. Independent Auditors' Report

The original Audit Report dated 18.12.2024 has been revised by the statutory auditors vide their Report dated 07.04.2025 to give effect to some of the CAG Audit team's observations raised during supplementary audit. This fact as well as the fact that the Revised Audit Report dated 07.04.2025 issued by the statutory auditors supersedes their earlier Audit Report dated 18.12.2024 was not clearly indicated in the Revised Audit Report. The Independent Auditors' Report is deficient to this extent.

For and on behalf of the C&AG of India

Place : Chennai
Date : 30.12.2025

30/12/25

R.Thiruppathi Venkatasamy, IA&AS
Principal Accountant General

Consolidated TNEB Limited Report 2020-21

C& AG comments of TANGEDCO and TANTRNSCO Annual Accounts for 2020-21

Accountant General Audit Comment	Management Reply
A. Statement of Profit and Loss For the year ended 31st March 2021 **Income** **1. Revenue from Operations – Note 26 - ₹49,772.59 crore**	
(i) Following the collection of demand charges (which is levied on the KVA demand actually recorded in the month or 90 *per cent* of the sanctioned demand whichever is higher) from HT consumers by TANGEDCO, 1,381 consumers approached the Tamil Nadu Electricity Regulatory Commission (TNERC) to waive off the excess demand, i.e., the difference between 90 *per cent* of the sanctioned demand and the actual recorded demand due to COVID situation. TNERC instructed (May 2020) TANGEDCO to collect 20 *per cent* of the sanctioned demand or recorded demand whichever is higher during the lockdown period from 24 March 2020 to 5 May 2020. This was also upheld by the Hon'ble High Court which directed to rework the excess demand collected for these consumers. Based on the judgment, TANGEDCO refunded ₹86.80 crore. However, for the remaining HT consumers, TANGEDCO has not worked out the financial impact.	The Hon'ble TNERC has passed an order on 04.05.2020 in SMP No.2 of 2020 directing TANGEDCO to levy demand charges @20% of the to sanctioned demand (SD) during the lock down period to the consumers whose recorded demand (RD) is below 20% and in the case of others, to levy 90% of the SD or RD whichever is higher. Challenging the above, TANGEDCO has filed an appeal before the Hon'ble APTEL vide Appeal no.102 of 2020 and the appeal is pending. In the meantime, for the similar issue, several HT consumers and consumer association had filed petition before the Hon'ble High Court of Madras and the Hon'ble High court of Madras has passed the common order on 14.08.2020 in W.P.No.7678 of 2020 and others batch in the matter of the levy of demand charges as per the Regulation 6(b) of TNE Supply Code for the lockdown period and the benefit of the order has been restricted only to the petitioners. However, TANGEDCO had filed appeals (W.A.No.836 of 2020 and others batch) against the common order and the appeals are pending. Hence, the financial impact for the remaining HT consumers does not arise.
(ii) The above head included ₹1,618.35	As per IND AS 115 – Revenue from

Accountant General Audit Comment	Management Reply
crore, being the amount collected from consumers towards recovery of cost of capital assets in the form of consumer contribution, development charges, self-financing for agricultural service connections, etc. As the amounts collected are in the nature of capital receipts, accounting the same as revenue receipts is not in order. The above amount should have been either amortized over the useful life of the capital assets created for providing service connections to the consumers or adjusted against the cost of Property, Plant and Equipment. This has resulted in overstatement of Revenue from Operations and understatement of Other non-current Liabilities as well as loss by ₹1,618.35 crore.	contracts with customers, these contributions, development charges, recovery under self-financing scheme for - agriculture services, etc., are recognised as income for the - services rendered by the - company. Such recoveries from consumers for the services rendered is not to be treated as capital receipts.
(iii) TANTRANSCO collects transmission charges based on the tariff rate of ₹3,037.30 per MW per day as determined by TNERC order dated 11.08.2017 for Medium Term Open Access (MTOA) and Long-Term Open Access (LTOA) capacity of 28,122 MW. Even though the actual allotted transmission capacity for MTOA and LTOA has increased from 28,122 MW to 30,828 MW for the financial years 2018-19 to 2020-21, TANTRANSCO continued to claim transmission charges for the originally allotted transmission capacity (28,122 MW) fixed by TNERC during the above order of August 2017 which resulted in short collection of revenue to the extent of ₹547.77 crore. As a result, transmission charges and Trade Receivables are understated. Consequently, loss for the year is overstated by ₹547.77 crore.	The transmission charges are being billed as per TNERC's T.O dated 11.08.2017. Any excess/ shortfall will be adjusted/ refunded at the 1 time of true-up of ARR for the respective years. The Hon'ble TNERC has issued Transmission Tariff order dated 09.09.2022 wherein the Aggregate Revenue Requirement (ARR) for the FY 2016-17 to 2019-20 has been trued up and the shortfall in the ARR of the said period has been approved by the TNERC. TNERC order no.8 of 2022 dated 09.09.2022 w.e.f 10.09.2022 has been issued for revision of tariff. Henceforth, TANGEDCO will be billed for Transmission charges as per the Tariff order dated 09.09.2022.

Accountant General Audit Comment	Management Reply
2. Other Income (Note 27) - ₹5,581.54 crore	
It includes ₹1.35 crore being the devolution value of 500 MVA transformer which should have been accounted under Property, Plant and Equipment. This has resulted in overstatement of Other Income and understatement of Property, Plant and Equipment by ₹1.35 crore with corresponding understatement of loss.	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.
Expenses **3. Employee Benefit Expenses (Note 30) - ₹10,893.56 crore**	
This is understated by ₹15.58 crore due to non-provision for the deduction made from the staff towards National Health Insurance Scheme (NIIS) from November 2020 to March 2021, which is payable to the Insurance Company. Resultantly, liability to Insurance Company and the loss for the year are understated by ₹15.58 crore.	The payment to the Insurance Company is made prior to the recovery, out of TANGEDCO's fund and directly booked as expenditure. Since the recovery of Health Insurance subscription from pensioners is made subsequent to the payment of premium amount, no expenses provision is required to be made in the books of accounts once again. The payment to the Insurance Company is being recovered from the insurance subscription of the pensioners. Therefore, the excess subscription does not arise.
4.Depreciation and Amortisation expenses (Note 32) - ₹5,368.72 Crore	
(i) As per the significant accounting policy No.3 (a) (iii), depreciation is calculated from the date of capitalization or procurement of assets as determined by the Group's technical team which is against the Para 55 of Ind AS 16 wherein it is stated that the depreciation of an	Under the Accounting policy 3.a.iii, it has been stated Depreciation is recognized in Statement of Profit and Loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Depreciation is calculated from the date of capitalization or procurement of the asset as determined by the Company's

Accountant General Audit Comment	Management Reply
asset begins when it is available for intended use.	technical team. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
(ii) As per Para 51 and 61 of Ind AS 16 (PPE) the residual value, the useful life of an asset and the depreciation method shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the Group did not perform reassessment of the estimated useful life and residual life and value and revision of rates of the item of PPE at the end of each reporting period for the financial years 2019-20 and 2020-21 as per its accounting policy.	It is submitted that, it has been disclosed in Note 47 that, as permitted by Ind AS 101, the Company has elected to carry out a fair valuation of fixed assets through an independent consultant as on date of transition and consider it as their deemed cost under Ind AS. Fair value arrived by the independent consultant has been adopted by the Company and accordingly the book values are restated to the extent of INR 1,712.65 crores as on 1 April 2019. Detailed disclosure as suggested by AG Audit will be considered in the FY 2021-22.
B. Balance Sheet as on 31st March 2021 **Assets** **Non-Current Assets**	
1. Property, Plant and Equipment- Note 4(a)- ₹91,974.63 crore	
(i) This is understated by ₹109.50 crore due to non-capitalisation of value of Sub-stations, transmission lines, power transformer and 11 KV feeders which were completed and commissioned before 31st March 2021. This has resulted in understatement of Property, Plant	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.

Accountant General Audit Comment	Management Reply
and Equipment by ₹109.50 crore and overstatement of Capital Work in Progress by ₹113.57 crore with corresponding understatement of depreciation and loss by ₹4.07 crore.	
(ii) This is understated by ₹1.18 crore due to non-accountal of the Transfer Debit Advice sent by GCC Madurai for materials issued which have been accepted by NCES Tirunelveli. Non-capitalisation of the above materials resulted in understatement of Property, Plant and Equipment by ₹1.18 crore and consequent understatement of inter unit balances under Other Current Liabilities by ₹1.21 crore with corresponding understatement of depreciation and loss by ₹2.95 lakh.	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.
(iii) It does not include ₹2.97 crore being the materials received before 31st March 2021 but pending inspection on that date which resulted in understatement of Property, Plant and Equipment and consequent understatement of Financial Liabilities-Trade payables by ₹2.97 crore.	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.
2. Capital work in progress - Note 4 (a)- ₹47,773.29 crore	
i. The above head includes ₹2,124.32 crore being the value of works completed during the period from October 2010 to October 2020 under different schemes omitted to be capitalized and continued as capital works in progress even after completion of the scheme. Further, the above head also includes	The Fixed Assets register (FAR) has been created afresh by obtaining all details quantitative of the assets commissioned as on 1.4.2019, being the date of transition, during subsequent financial years upto 31.03.2021 from field Technical officials. Fair valuation of assets have been carried out. However, for any legacy balances carried

Accountant General Audit Comment	Management Reply
₹832.21 crore representing the IDC amount to be allocated to various assets which were already commissioned and not capitalized till 2020-21. Due to this, the above head is overstated by ₹2,956.53 crore and Property, Plant and Equipment is understated by ₹2,665.89 crore and depreciation is understated by ₹290.64 crore resultantly, loss of the Company is understated by ₹290.64 crore	forward under Capital WIP the same will be arranged to be sorted out separately.
ii. This includes a sum of ₹197.33 crore being the value of works completed prior to 31st March 2021 but omitted to be capitalized during 2020-21. This has resulted in overstatement of Capital Works in Progress by ₹197.33 crore and understatement of Property, Plant and Equipment by ₹186.30 crore with corresponding understatement of Depreciation by ₹11.03 crore. Resultantly, loss of the Company is understated by ₹11.03 crore.	This will be suitably bought in to accounts in the FY 2021-22 in the respective GL codes.
Current Assets **Inventories** **Note 8 - ₹2,173.89 crore**	
This includes ₹22.03 crore being the value of 600MW generator exciter assembly complete set, kept by TANGEDCO as stand-by equipment for the 2X600MW units of NCTPS II. As stand-by equipment shall be classified under Property, Plant and Equipment as per Ind AS 16, accounting of the above equipment as Inventories has resulted in overstatement of the above head by ₹22.03 crore, understatement of Property, Plant and Equipment by ₹	In Generating Stations, the spares were procured for the Repair & Maintenance (R & M) purpose and kept under the Inventory. On the urgent requirement in case of outages, these items will be utilized for R & M. Since, the item could be utilized for R&M replacement purposes such materials/spares will be held under inventory only. However, the major spares available under the inventory heads as pointed out by the CAG will be arranged to be analysed and

Accountant General Audit Comment	Management Reply
18.72 crore and understatement of depreciation by ₹3.31 crore. This has also resulted in understatement of loss for the year by ₹3.31 crore.	action taken suitably.
Financial Assets **Trade receivable** **Note 9 - ₹7,318.94 crore**	
The above head is understated by ₹86.42 crore due to providing of excess loss allowance on trade receivables over the 2.5 *per cent* of trade receivable to be provided as per the Accounting Policy of TANGEDCO. This resulted in understatement of Trade Receivables and overstatement of negative balance of Other Equity by ₹86.42 crore. Consequently, the loss for the year is also overstated by the same amount.	Consequent to the order of the Hon'ble NCLT in CP/77(CHF)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & asper NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
Liabilities **Non-Current Liabilities-** **Other Non-Current Liabilities (Note 20)**	
TANTRANSCO did not have the details of the assets commissioned and assets under construction out of Grant of ₹547.09 crore, which has been included under Deferred Revenue. Even though, the Company recognised the entire grant as Deferred Revenue under non-current liabilities as per the accounting policy No.3 (p), it has been stated that the grants will be treated as deferred income over the useful life of the assets. But, TANTRANSCO did not have the details of the assets commissioned, assets under construction and date of	The company is in the process of collating details in respect of the assets commissioned and assets under constructions pertaining to these grants. Hence, the same will be completed and accounted appropriately and disclosed in the FY 2021-22. Pending completion, the entire grant is exhibited under deferred revenue in the financials.

Accountant General Audit Comment	Management Reply
commissioning pending completion etc., pending the grant amount has been exhibited under Deferred Revenue. This needs disclosure.	
Current Liabilities **Financial Liabilities- Trade payables (Note 22)- ₹31,541.20 crore**	
This is understated by ₹9.42 crore due to non-provision of liability in respect of materials received before the accounting year, for which, payment for 30*per cent* of the value is pending as on 31.03.2021. This has resulted in understatement of Trade Payables and Capital Work in Progress is also understated by ₹9.42 crore.	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.
Comments on Disclosure **C.1 Commitment and Contingent Liabilities (Note 52)**	
As per Section 7 of the GST Act, 2017 the transfer of assets categorized under supply of material attracts 18*per cent* GST. However, TANTRANSCO filed writ petition seeking remedy on the applicability of GST in respect of interCompany transactions. From April 2020 to March 2021, assets valuing ₹207.42 crore were commissioned and GST payable on the above works out to ₹37.34 crore. As an appeal was filed in respect of levy of GST for inter unit transaction the same should have been disclosed under contingent liabilities. Non-inclusion of the same resulted in	TANGEDCO filed an application seeking remedy before the Authority for Advanced Ruling, with respect to the applicability of GST on intercompany transactions between TANGEDCO and TANTRANSCO, in which the ruling was given as: "GST is applicable on the following as the same are 'supply of goods' to TANTRANSCO-(A)Supply of operation and maintenance materials used in the regular day to day functioning and (B) Transfer of Capital Assets". TANGEDCO filed an appeal against the above advance ruling before the Tamil Nadu state Appellate Authority for Advance Ruling which issued ruling which disposed the appeal without any interference to the

Accountant General Audit Comment	Management Reply
understatement of contingent liability by ₹37.34 crore.	ruling given by the Authority for Advance Ruling. Now, TANTRANSCO filed writ petition seeking remedy on the applicability of GST on the intercompany transactions between TANGEDCO and TANTRANSCO along with the writ appeal to be filed by TANGEDCO. Since both the organizations are seeking remedy on the intercompany transactions through legal course, it is submitted that necessary provision will be made in the books of accounts based on the outcome of case.
Item No. 28.18: Quantitative details of Transmission and loss of Energy (Energy difference)	
(i) As per approved annual accounts of TANGEDCO, total energy injected/available including Own Generation and Power Purchase was 3,29,074 MU whereas the energy injected from Generator/interstate as per TANTRANSCO account was 3,21,070.35 MU and hence there is difference of 8,003.65 MU valuing ₹3,859.22 crore between subsidiaries/related parties. This mismatch and the fact of non-reconciliation should be disclosed in the Notes to Accounts.	This will be arranged for analysing, reconciling and rectifying during the FY 2021 22.
(ii) The Financial Statements of the Group has not complied with all the provisions of Companies (Indian Accounting Standards (Ind AS) Rules 2015 ("CASR 2015") as prescribed under Section 133 of the Companies Act, 2013 which stipulated mandatory adoption and applicability of Ind AS. The fact that non follow up of fair valuation in respect of Employee loan,	The detailed impact study has been conducted, based on the same financials has been prepared. Financial statement including presentation, classification and disclosures have been prepared in accordance with Ind AS except wherever it has been disclosed in the financials. EMD is refundable to unsuccessful tenderer on demand. Security Deposit is collected for successful completion of the contract. On

Accountant General Audit Comment	Management Reply
EMD/Security deposits as required above and its impact was not disclosed in the Notes to Accounts.	completion of the contract, the security deposit is refundable on demand. Hence, no separate fair valuation as per Ind AS 109-Financial instruments.
Net Impact of Comments The net impact of above Comments is that the Loss for the year is understated by ₹1,310.16 crore. If this is taken into account, the reported loss for the year of ₹16,322.74 crore would increase to ₹17,632.90 crore.	Based on comments, the Impact on revenue accounts is as tabulated below: These Impact in revenue losses would be effected in 2021-22 based on management decision and also accepted by AG Audit.
Other Comments	
For preparation of the Consolidated Financial Statements of TNEB Limited for the year ended 31 March 2021, TNEB Limited has considered the restated balances as on 01 April 2021 in the revised financial statements of TANGEDCO Limited for the year ended 31 March 2022 instead of the balances as on 31 March 2021 in the revised financial statements of TANGEDCO Limited for the year ended 31 March 2021. This has been pointed out by the Statutory Auditors in their Report. There is no specific Ind AS provision for adoption of the restated opening balances of the subsequent financial year of the subsidiary, which have been restated for prior period errors, for the preparation of Consolidated Financial Statements of the holding Company. As the restated balances, inter alia, include entries passed in the books of accounts of TANGEDCO for the	Noted

Accountant General Audit Comment	Management Reply
year 2021-22 based on eleven comments included under Comments on the revised financial statements of TANGEDCO for the year ended 31 March 2021, these comments have been excluded from the Comments on the consolidated financial statements of the TNEB Limited for the year ended 31 March 2021 as the relevant entries for rectification have been passed for restatement.	
Independent Auditors' Report	
The original Audit Report dated 18.12.2024 has been revised by the statutory auditors vide their Report dated 07.04.2025 to give effect to some of the CAG Audit team's observations raised during supplementary audit. This fact as well as the fact that the Revised Audit Report dated 07.04.2025 issued by the statutory auditors supersedes their earlier Audit Report dated 18.12.2024 was not clearly indicated in the Revised Audit Report. The Independent Auditors' Report is deficient to this extent.	Noted.

V D S R & Co. LLP
CHARTERED ACCOUNTANTS

Office:
No. 3A, 3rd Floor, Amber Crest Apartment,
No. 37, Pantheon Road, Egmore, Chennai - 600 008.
Tel : 044-2855 4447, 2855 4019
Mobile : 98404 12632
Email : vijay@vdsr.co.in
Web : www.vdsr.co.in

Branch:
70/5, 3rd Floor, Suvarna Towers,
Nagarbhavi Main Road,
CHBCS Layout, Vijayanagar 21st Cross,
Bangalore - 560 040.
Mobile: 98807 15962
Email : kamath@vdsr.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TNEB LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **M/s. TNEB Limited** (''the Company''), which comprises the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st ,2021, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As per the Notification of the Ministry of Corporate Affairs dated 16th February 2015, Ind AS has to be followed mandatorily by the Company with effect from the accounting period beginning 1st April 2016 based on Net Worth Criteria. The Company has complied with Ind AS and prepared financial statements complying with applicable Ind AS for the year ended March 31st, 2021 and correspondingly reinstating March 31st, 2020 and including the Opening balance sheet as at April 01st, 2019.

V D S R & CO. LLP
F.R.No.004126S/S200035
CHENNAI BANGALORE
CHARTERED ACCOUNTANTS

Other Matters

a) In the absences of confirmation of balances for the amount due from TANTRANSCO and amount due to TANGEDCO as on 31st March, 2021, we are not in a position to certify the correctness or otherwise of these figures in the Statement of Profit and Loss Account and Balance Sheet respectively.

b) The building of TNEB is being used by TANGEDCO, for which the company has not entered into any lease agreement and/or rental income, including sharing of common utility expenses, has not been booked in the period under audit. Resulting in non-compliance of matching concept and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Management and Board of Directors of the company are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards specified under section 133 of the Act, read with read with the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of Standalone Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

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audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true financial fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in the aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user

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of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements:

1. As required by section 143 (3) of the Act, we report (except for the possible effects of the matters discussed in the Basis of Adverse Opinion above) that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Standalone Ind AS Financial Statements dealt with by this report are in agreement with the books of account;

d. In our opinion, the Standalone Ind AS Financial Statements comply with the Accounting Standards to in section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015.

e. The provisions of section 164(2) of the companies Act, 2013, on the disqualification of the directors are not applicable to the Company as per paragraph S. No. 19 chapter 11 notification No. G.S.R. 463(E) dated 5th June 2015, of the Department of Company Affairs, Government of India.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'

g. With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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The Company has not paid any managerial remuneration to its directors during the year is in accordance with the provisions of section 197 of Act.

h.

i. The Company has not appointed a duly qualified Internal auditor as stipulated u/s 138 of the Companies Act 2013 read with Rule No.13 of the Companies (Accounts) rules, 2014.

ii. Corporate social responsibility committee has not been formed as stipulated u/s.135 of the Companies Act, 2013.

iii. Independent directors have not been appointed, which is in contravention of the provisions of sec.149 of the Companies Act, 2013.

iv. The company has not constituted an Audit Committee in accordance with the provisions of Sec.177 of the Companies Act, 2013.

i. With respect to the other matters to be included in the Independent Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on the financial position in the standalone Ind AS financial statements.

ii. The Company has made provision in its standalone Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

iii. The provisions regarding transfer to Investor's Protection Fund is not applicable to the Company.

2. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in Paragraphs 3 and 4 of the Order.

3. As required under section 143(5) of the Act, we give in the Annexure C our report on the directions issued by the Comptroller and Auditor General of India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No: 202626
Place: Chennai.
Date: 18-12-2024
UDIN: 25202626BMGYVH8571

Annexure A to the Independent Auditors' Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31st March 2021, we report that:

i) a. The Company has maintained proper Records showing full particulars including quantitative details and the situation of Fixed Assets. The assets of the Company have been taken and considered in the books of the company based on the final values as mentioned in GO Ms No. 49 dated 13.08.2015 under the reorganization of the Tamil Nadu Electricity Board as per Electricity Act, 2003 read with Tamil Nadu Electricity (Reorganisation and Reforms) Transfer scheme 2010.

b. The Company has not carried out physical verification of fixed assets during the year.

c. The Company was not able to produce the title deeds of the immovable properties in its name and hence we are unable to comment on the ownership of the immovable properties. However, the properties are in the possession and enjoyment of the Company.

ii) The Company had not purchased or sold any goods during the period nor did it hold any inventory during the period. Hence, clause 3(ii) of the Order is not applicable.

iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore para 3(iii)(a), (b) and (c) of the Order is not applicable.

iv) In our opinion and according to the information and explanations given to us, the company has complied with provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities as applicable.

v) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public during the year, hence the provisions of Section 73 to 76 of the Act and the rules framed there under are not applicable for the year under Audit.

vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013.

vii) As per the information and explanation given to us, and as per the books of accounts,

a. The Company does not have any statutory dues payable during the year and hence the question of depositing it regularly does not arise.

b. The Company does not have any undisputed amounts payable in respect of statutory dues in arrears as at 31st March 2021, for a period of more than six months from the date they became payable.

c. The Company does not have any disputed statutory dues.

viii) The Company has not availed any financial assistance from financial institutions/banks/governments/Debenture holders. Hence, reporting with respect to default of repayment of dues is not applicable.

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ix) The company has not raised monies by way of Initial Public Offer or further Public Offer (including debt instruments) or term loans. Accordingly, clause 3(ix) of the order is not applicable.

x) According to the information and explanations given to us and as certified by the Company, no fraud by the company and no fraud on the company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration during the year in accordance with the provision of section 197 read with Schedule V of the Companies Act. Accordingly, clause 3(xi) of the Order is not applicable.

xii) The Company is not a Nidhi company and hence reporting under clause 3 (xii) of the Order is not applicable.

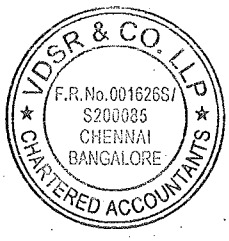
xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable for all transactions with related parties and the details of the related parties transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Ind AS financial statements.

xiv) According to the information and explanations given to us and based on our examinations of these records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, Accordingly, Paragraph 3(xiv) is not applicable.

xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with its directors or persons connected to its directors. Accordingly, paragraph 3(xv) is not applicable.

xvi) The Company is not required to be registered under section 45(IA) of the Reserve Bank of India Act, 1934.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No: 202626

Place: Chennai.
Date: 18-12-2024
UDIN: 25202626BMGVVH8571

Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. TNEB Ltd. ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("The Guidance Notes"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'Guidance Note') and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures

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F.R.No.001626S/S200085
CHENNAI
BANGALORE
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that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

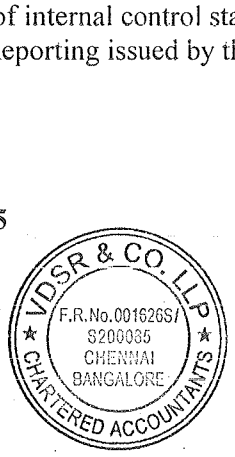
Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place : Chennai.
Date : 18-12-2024
UDIN: 25202626BMGYVH8571

Annexure C

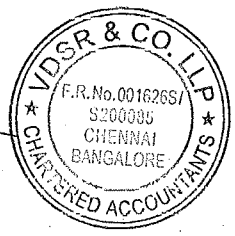
With regard to the Directions issued by the Comptroller and Auditor General of India on the basis of checks we considered appropriate and according to the information and explanation are given to us during the course of our audit, we report that

1. The Company has no freehold land and during the year, while adopting Ind AS has recognized fair value of land leased from Government of India (Defence Department) as leasehold land and other facilities in the financials amounting to Rs.236.28 crores.

2. There are no cases of waiver/write off of debts/loans/interest etc. during the year.

3. There are no inventories held by the Company as the March 31, 2021.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No: 202626

Place: Chennai.
Date: 18-12-2024
UDIN: 25202626BMGVVH8571

V D S R & Co. LLP
CHARTERED ACCOUNTANTS

Office:
No. 3A, 3rd Floor, Amber Crest Apartment,
No. 37, Pantheon Road, Egmore, Chennai – 600 008.
Tel : 044-2855 4447, 2855 4019
Mobile : 98404 12632
Email : vijay@vdsr.co.in
Web : www.vdsr.co.in

Branch:
70/5, 3rd Floor, Suvarna Towers,
Nagarbhavi Main Road,
CHBCS Layout, Vijayanagar 21st Cross,
Bangalore - 560 040.
Mobile: 98807 15962
Email : kamath@vdsr.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TNEB LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **M/s. TNEB Limited** (''the Company''), which comprises the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

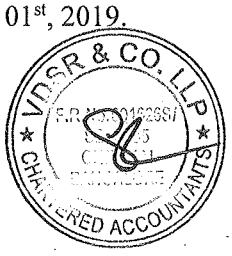
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As per the Notification of the Ministry of Corporate Affairs dated 16th February 2015, Ind AS has to be followed mandatorily by the Company with effect from the accounting period beginning 1st April 2016 based on Net Worth Criteria. The Company has complied with Ind AS and prepared financial statements complying with applicable Ind AS for the year ended March 31st, 2021 and correspondingly reinstating March 31st, 2020 and including the Opening balance sheet as at April 01st, 2019.



Other Matters

a) In the absences of confirmation of balances for the amount due from TANTRANSCO and amount due to TANGEDCO as on 31st March, 2021, we are not in a position to certify the correctness or otherwise of these figures in the Statement of Profit and Loss Account and Balance Sheet respectively.

b) The building of TNEB is being used by TANGEDCO, for which the company has not entered into any lease agreement and/or rental income, including sharing of common utility expenses has not been booked in the period under audit. Resulting in non-compliance of matching concept and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Management and Board of Directors of the company are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards specified under section 133 of the Act, read with read with the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of Standalone Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true financial fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

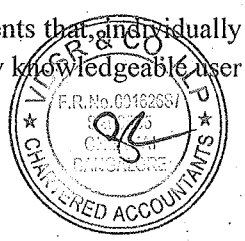
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in the aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user



of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements:

1. As required by section 143 (3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Standalone Ind AS Financial Statements dealt with by this report are in agreement with the books of account;

d. In our opinion, the Standalone Ind AS Financial Statements comply with the Accounting Standards to in section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015.

e. The provisions of section 164(2) of the companies Act, 2013, on the disqualification of the directors are not applicable to the Company as per paragraph S. No. 19 chapter 11 notification No. G.S.R. 463(E) dated 5th June 2015, of the Department of Company Affairs, Government of India.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'

g. With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The Company has not paid any managerial remuneration to its directors during the year is in accordance with the provisions of section 197 of Act.

VDSR & CO. LLP ★ CHARTERED ACCOUNTANTS ★ F.R.No. 016268S/ BANGALORE

h.

i. The Company has not appointed a duly qualified Internal auditor as stipulated u/s 138 of the Companies Act 2013 read with Rule No.13 of the Companies(Accounts) rules, 2014.

ii. Corporate social responsibility committee has not been formed as stipulated u/s.135 of the Companies Act, 2013.

iii. Independent directors have not been appointed which is in contravention of the provisions of sec.149 of the Companies Act, 2013.

iv. The company has not constituted an Audit Committee in accordance with the provisions of Sec.177 of the Companies Act, 2013.

i. With respect to the other matters to be included in the Independent Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on the financial position in the standalone Ind AS financial statements.

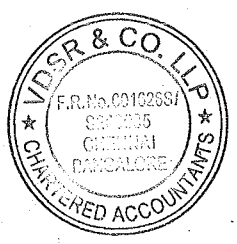
ii. The Company has made provision in its standalone Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

iii. The provisions regarding transfer to Investor's Protection Fund is not applicable to the Company.

2. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in Paragraphs 3 and 4 of the Order.

3. As required under section 143(5) of the Act, we give in the Annexure C our report on the directions issued by the Comptroller and Auditor General of India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place : Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZGZ1466

Annexure A to the Independent Auditors' Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31st March 2021, we report that:

i) a. The Company has not maintained proper Records showing full particulars including quantitative details and the situation of Fixed Assets. The assets of the Company have been taken and considered in the books of the company based on the final values as mentioned in GO Ms No. 49 dated 13.08.2015 under the reorganization of the Tamil Nadu Electricity Board as per Electricity Act, 2003 read with Tamil Nadu Electricity (Reorganisation and Reforms) Transfer scheme 2010.

b. The Company has not carried out physical verification of fixed assets during the year.

c. The Company was not able to produce the title deeds of the immovable properties in its name and hence we are unable to comment on the ownership of the immovable properties. However, the properties are in the possession and enjoyment of the Company.

ii) The Company had not purchased or sold any goods during the period nor did it hold any inventory during the period. Hence, clause 3(ii) of the Order is not applicable.

iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore para 3(iii)(a), (b) and (c) of the Order is not applicable.

iv) In our opinion and according to the information and explanations given to us, the company has complied with provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities as applicable.

v) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public during the year, hence the provisions of Section 73 to 76 of the Act and the rules framed there under are not applicable for the year under Audit.

vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013.

vii) As per the information and explanation given to us, and as per the books of accounts,

a. The Company does not have any statutory dues payable during the year and hence the question of depositing it regularly does not arise.

b. The Company does not have any undisputed amounts payable in respect of statutory dues in arrears as at 31st March 2021, for a period of more than six months from the date they became payable.

c. The Company does not have any disputed statutory dues.

viii) The Company has not availed any financial assistance from financial institutions/banks/governments/Debenture holders. Hence, reporting with respect to default of repayment of dues is not applicable.

VIJAY & CO. F.R.No.000626S/ CHARTERED ACCOUNTANTS CHENNAI BANGALORE

ix) The company has not raised monies by way of Initial Public Offer or further Public Offer (including debt instruments) or term loans. Accordingly, clause 3(ix) of the order is not applicable.

x) According to the information and explanations given to us and as certified by the Company, no fraud by the company and no fraud on the company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration during the year in accordance with the provision of section 197 read with Schedule V of the Companies Act. Accordingly, clause 3(xi) of the Order is not applicable.

xii) The Company is not a Nidhi company and hence reporting under clause 3 (xii) of the Order is not applicable.

xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable for all transactions with related parties and the details of the related parties transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Ind AS financial statements.

xiv) According to the information and explanations given to us and based on our examinations of these records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, Accordingly, Paragraph 3(xiv) is not applicable.

xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with its directors or persons connected to its directors. Accordingly, paragraph 3(xv) is not applicable.

xvi) The Company is not required to be registered under section 45(IA) of the Reserve Bank of India Act, 1934.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place : Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZGZ1466

Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. TNEB Ltd. ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("The Guidance Notes"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'Guidance Note') and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

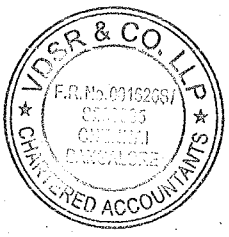
Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place : Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZGZ1466

Annexure C

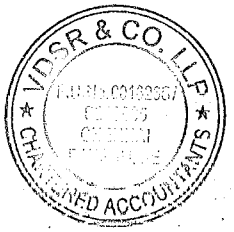
With regard to the Directions issued by the Comptroller and Auditor General of India on the basis of checks we considered appropriate and according to the information and explanation are given to us during the course of our audit, we report that

1. The Company has no freehold land and during the year, while adopting Ind AS has recognized fair value of land leased from Government of India (Defence Department) as leasehold land and other facilities in the financials amounting to Rs.236.28 crores.

2. There are no cases of waiver/write off of debts/loans/interest etc. during the year.

3. There are no inventories held by the Company as at 31st March, 2021.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place : Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZGZ1466

MANAGEMENT REPLY OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR OF TNEB LIMITED ON THE STANDALONE ACCOUNTS FOR THE YEAR 2020-21

Reply to Observations of Independent Auditor of Holding Company TNEB Ltd

Other matters (a)	In the absences of confirmation of balances for the amount due from TANTRANSCO and amount due to TANGEDCO as on 31st March, 2021, we are not in a position to certify the correctness or otherwise of these figures in the Statement of Profit and Loss Account and Balance Sheet respectively.	The reconciliation of the receivable and payable with TANGEDCO and TANTRANSCO is regularly carried out and being rectified.
(b)	The building of TNEB is being used by TANGEDCO, for which the company has not entered into any lease agreement and rental income from such transaction has not been booked in the period under audit. Resulting in non-compliance of matching concept and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.	Since the entire expenses of Holding company is shared between TANGEDCO & TANTRANSCO being subsidiary companies, no income is recognised separately for TNEB Limited.
	Report on other legal and Regulatory Requirements:	
G	The Company has not paid any managerial remuneration to its directors during the year is in accordance with the provisions of section 197 of Act.	Noted
H	(i) The Company has not appointed a duly qualified Internal auditor as stipulated u/s 138 of the Companies Act 2013 read with Rule No.13 of the Companies (Accounts) rules, 2014.	Since TNEB Ltd is a holding company and operational only for recovering/Equity assistance and subsequent investments into subsidiary companies the internal audit wing of TANGEDCO is adequate.

Sl. No.	Observation of Statutory Auditors	Management's Reply
	(ii) Corporate social responsibility committee has not been formed as stipulated u/s.135 of the Companies Act, 2013.	Corporate social responsibility committee will be formed as stipulated u/s. 135 of the Companies Act, 2013.
	(iii) Independent directors have not been appointed which is in contravention of the provisions of sec.149 of the Companies Act, 2013.	The proposal for appointment of Independent Director is under consideration with Government of Tamil Nadu
	(iv) The company has not constituted an Audit Committee in accordance with the provisions of Sec.177 of the Companies Act, 2013.	The Audit committee will be reconstituted after appointment of Independent Director which is under consideration with Government of Tamil Nadu

S. Dhandapani ACMA., ACS
Practicing Company Secretary

No. 9/2, Kamakoti Nagar,
Valasaravakkam, Chennai-600 087.
E-mail : dhandapani_s3000@yahoo.com
Mobile : 99411 69860 / 86089 51438

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

TNEB Limited

I have conducted the secretarial audit of TNEB Limited (CIN No. U67190TN2009SGC073753) hereinafter called the "Company") having its registered office at NPKRR Maaligai, (TNEB), 144, Anhasalai, Chennai-600 002 for the financial year ending 31.03.2021. The object of the exercise was to ascertain and ensure the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31.03.2021 accordingly the provisions of the following acts have been complied with by the company during the financial year 2020-21 to which this report pertains to.

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

E-mail : dhanapani_s2000@...
Mobile - 99411 69860 / 86089 9...

TNEB Limited-Secretarial Audit Report 2020-21

(ii) Other Laws as contained in the List attached hereto to the extent applicable to the Company. (Annexure I)

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

The Provisions of the following act, rules, regulations guidelines etc. are not applicable to the company

(i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992.

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Practicing Company Secretary
Email : dhandapani_s3001@y
Mobile : 9941 69860 / 85089

TNEB Limited-Secretarial Audit Report 2020-21

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the company has to comply with the provisions of the Companies Act, 2013 and Rules relevant there to as stated in the Annexure-2 to this report.

Place: Chennai-87
Date: 13.02.2023
UDIN: A020564D003146632

S. DHANDAPANI, ACS, COP No. 11492

Name of Company Secretary in practice: S.Dhandapani
ACS No: 20564/ C P No: 11492

Annexure-1- TNEB Limited- Applicable Acts For The Purpose Of Secretarial Audit

General Laws

- Income Tax Act, 1961 and Rules made there under;
- Payment of Gratuity Act, 1972;
- Central Sales Tax Act, 1956 as amended from time to time and Rules made there under;
- Employees State Insurance Act, 1952 and Rules made thereunder;
- The Maternity Benefit Act, 1961 and Rules made thereunder;
- The Finance Act, 2004 and Service Tax Rules;
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- Environment Laws;

a) The National Green Tribunal Act, 2010

b) The Air (Prevention and Control of Pollution) Act, 1981

c) The Water (Prevention and Control of Pollution) Act, 1974

d) The Environment Protection Act, 1986

e) The Hazardous Waste Management Regulations, and any other other applicable laws/ regulations.

-Other Labour Legislations.

a) Industrial Disputes Act, 1947

b) Minimum Wages Act, 1948

c) Payment of Wages Act, 1936

d) Payment of Bonus Act, 1965

e) Labour Welfare Fund (Tamilnadu) Act

f) Industrial Employment (Standing Orders) Act, 1946

S. Dhandapani ACMA, ACS
Practicing Company Secretary

No. 912, Kamakoti Nagar,
Valasaravakkam, Chennai-600 087.
E-mail : dhandapani_s3000@yahoo.com
Mobile : 99411 69860 / 86089 51438

g) Contract Labour (Regulation and Abolition) Act, 1970

h) Employees Compensation Act, 1923

i) Sexual Harassment at Workplace (Prohibition, Prevention and Redressal) Act, 2013

j) Equal Remuneration Act, 1976

k) Maternity Benefit Act, 1961 (Wherever ESI Act is not applicable and those beyond the wage limit prescribed therein)

l) Child Labour (Prohibition & Regulation) Act, 1986

Industry Specific Laws- Power Sector

- Electricity Act, 2003 & The Electricity Rules, 2005;

- Indian Electricity Rules, 1956;

- Energy Conservation Act, 2011;

- The Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006;

- Central Electricity Authority (Safety requirements for construction, operation and maintenance of electrical plants and electric lines) Regulations, 2011.

- Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010

S.Dhandapani
Company Secretary in Practice
M No.20564 CoP No.11492

S. Dhandapani ACMA., ACS.
Practicing Company Secretary

No. 9/2, Kamakoti Nagar,
Valasaravakkam, Chennai-600 087
E-mail : dhandapani_s3000@yahoo
Mobile : 99411 69860 / 86089 51

Annexure-2 TNEB Limited- Observations on Secretarial Audit for the Financial Year 2020-21

Board Meetings

Board meetings for first quarter (01.04.2020 to 30.06.2020) not held during the Financial Year 2020-21.

Conducting Annual General Meeting

As per available records AGM for the financial years 2020-21 is yet to be held. Any belated holding of AGM beyond due date including extension thereto accorded by the Ministry of Corporate Affairs requires approval of the central government u/s 460 of the Companies Act, 2013 and Rules relevant thereto.

Appointment of Independent Directors

Appointment of Independent Directors required under section 149 (6) has to be complied with.

CSR Committee

Constitution of CSR committee under section 135 and Rules relevant thereto has to be complied with.

Maintenance of Registers and Records

Registers to be maintained and not complied

a. Register of share application and allotment.
b. Share Transfers
c. Register of debentures and other security holdings
d. Related party disclosures & Bodies in which directors are interested
e. Register of Charges
f. Register of Fixed Assets
g. Register of Loans, guarantees, Security and Acquisitions made by the company.

S.Dhandapani
Company Secretary in Practice
M No.20561 CoP No.11492

TNEB Limited

The Reply for the Secretarial Audit Report for the FY 2020-21.

S. No	QUERY	REPLY
1	**Board Meetings** Board meetings for the first quarter (01.04.2020 to 30.06.2020) not held during the Financial year 2020-21	Main activity of the Holding Company (TNEB Ltd) is an investment company where no major transactions take place. Except appointment and cessation of directors, placing of annual accounts Allotment of Shares to subsidiary companies. Now the Company has developed an ERP based accounting system, consolidation of accounts and quarterly results may be filed once in three months, accordingly Board meetings also will be convened as per the Companies Act 2013. **CS S. Dhandapani:** Compliance related qualification for condonation under section 441 of the Companies Act, 2013 and for future adherence. **CS-TNEB Reply** Informed Accounts Branch to adhere the instruction strictly to provide quarterly results promptly to enable to convene Audit Committee Meeting and B.M within the stipulated period mentioned in the Co. Act 2013.
2	**Conducting Annual General Meeting** As per available records AGM for the Financial Years 2020-21 is yet to be held. Any belated holding of AGM beyond due date including extension thereto accorded by the Ministry of Corporate Affairs required approval of the central government u/s 460 of the companies Act, 2013 and Rules relevant thereto.	In view of the belated finalization of annual accounts of TANGEDCO and TANTRANSCO, the C&AG certificate was also delayed. Therefore the Annual Accounts TNEB Limited could not be finalized on the prescribed date. Hence, AGM for the FY 2020-21 was not conducted within the time prescribed under Sec 96 of the Co Act 2013 nor within the time extended by the Registrar of Companies Chennai. Now the Company has developed an ERP based accounting system, consolidation of accounts and balance sheet shall be placed before AGM on finalisation of financial accounts of both

		TANGEDCO & TANTRANSCO. **CS S. Dhandapani:** Compliance related qualification for condonation under section 441 of the Companies Act, 2013 and for future adherence **CS-TNEB Reply** Informed Accounts Branch to adhere the instruction strictly to provide quarterly results promptly to enable to convene Audit Committee Meeting and B.M within the stipulated period mentioned in the Co. Act 2013..
3	**Appointment of Independent Directors** Appointment of Independent Directors required under section 149 (6) has to be complied with.	As per MCA notification vide GSR No.463 (E) had given exemption to Sec 149(6)(c) of the Co. Act 2013 to the Government Companies. Thereby the person who is having pecuniary relationship with the Company also can act as an Ind. Director. Subsequently General Circular issued by MCA vide circular No. 09-2017(1/22 / 2013 /CL-V) dated 05-09-2017 given exemption from appointment of Ind. Director if the Company registered under Unlisted & wholly owned Subsidiary Company. Group Companies come under listed category where bonds are listed in Bombay Stock Exchange. Vide notification issued by MCA No. GSR 123(E) dated 19.02.2021 With effect from 01-04-2021, even for listed Companies where debts alone are listed in stock exchange cannot be treated as Listed Co. Therefore, an Unlisted Government company is exempted from appointment of Independent Director. **CS S. Dhandapani:** Pl see para 2 of your reply and be noted that the said circular pertains to wholly owned subsidiary of unlisted public company (government or not). TNEB Limited not being the subsidiary of any such company the provisions for Independent directors are

		applicable. The last para not related to the query. **CS-TNEB Reply** Request will be made to the Board for appointment of Independent Director.
4	**CSR Committee** Constitution of CSR committee under section 135 and Rules relevant thereto has to be complied with.	We have formed a CSR and Audit committee without appointing an Independent Director, as there are exemptions given by MCA vide notification specified above. **CS S. Dhandapani:** Independent director issue does not arise here. The provisions having been complied with, you may give reference to formation thereof. **CS-TNEB Reply** No further action is required as we have formed CSR Committee.
5	**Maintenance of Registers and Records** Registers to be maintained and not complied a. Register of share application and allotment b. Share Transfers c. Register of debentures and other security holdings. d. Related party disclosures & Bodies in which directors are interested e. Register of Charges f. Register of Fixed Assets g. Register of Loans, guarantees, Security and Acquisitions made by the company.	The below mentioned exemptions can be availed by a Government Company as per notification issued by MCA vide notification dated 5th June, 2015 [GSR 463 (E)] Sl No.21, Chapter XI, section 170, Register of Director and Key Managerial Personnel and their shareholding, Not required to be maintained by a Wholly-owned Government Company. However, we have maintained the details in the system in excel format and also maintained an ordinary register for our reference only. To have good Corporate Governance the said procedure will be followed in future. **CS S. Dhandapani:** Last para Ok. To ensure compliance. **CS-TNEB Reply:** Register will be provided during next audit.

Company Secretary/TNEB Ltd

TNEB Limited
Balance Sheet as at 31 March 2021

(in INR crores)

Particulars	Note	31 March 2021	31 March 2020	1 April 2019
ASSETS				
Non-current assets				
Property, plant and equipment	4(a)	263.91	264.64	265.37
Capital work-in-progress	4(a)	25.39	23.22	20.02
Financial assets				
(i) Investments	5	25,366.75	25,366.75	24,603.16
Total non-current assets		25,656.05	25,654.61	24,888.55
Current assets				
Financial assets				
(i) Cash and cash equivalents	6	0.05	0.05	0.05
(ii) Other financial assets	7	4.97	4.24	3.47
Other current assets	8	0.04	0.04	0.04
Total current assets		5.06	4.33	3.56
TOTAL ASSETS		25,661.11	25,658.94	24,892.11
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	9	25,375.94	25,375.94	24,612.35
Other equity	10.1 to 10.2	252.58	253.31	254.04
Total equity		25,628.52	25,629.25	24,866.39
LIABILITIES				
Current liabilities				
Financial liabilities				
(i) Other financial liabilities	11	32.52	29.60	25.70
Other current liabilities	12	0.07	0.09	0.02
Total current liabilities		32.59	29.69	25.72
TOTAL EQUITY AND LIABILITIES		25,661.11	25,658.94	24,892.11

See accompanying notes to the financial statements

As per our report of even date
For V D S R & Co. LLP,
Chartered Accountants
Firm No.001626S/S200085

Venkatesh Kamath S V
Partner

M. No. 202626

UDIN : 25202626BMGYVH8571

V.D.S.R. & CO. LLP F.R.No.001626S/ BANGALORE CHARTERED ACCOUNTANTS

Place: Chennai
Date :18.12.2024

For and on behalf of the Board of Directors of
TNEB Limited
CIN: U67190TN2009SGC073753

K. Nanthakumar, IAS
(Chairman cum
Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Sureshkumar
Company Secretary

TNEB Limited
Statement of Profit and Loss for the year ended 31 March 2021

(in INR crores)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations		-	-
Total income		-	-
Expenses			
Depreciation and amortization expense	13	0.73	0.73
Total expenses		0.73	0.73
Profit (loss) before tax		(0.73)	(0.73)
Tax expense:			
Current tax		-	-
Deferred tax	21	-	-
Profit (loss) for the year		(0.73)	(0.73)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(0.73)	(0.73)
Earnings per equity share	14		
Basic		(0.00)	(0.00)
Diluted		(0.00)	(0.00)

See accompanying notes to the financial statements

As per our report of even date
For V D S R & Co. LLP,
Chartered Accountants
Firm No.001626S/S200085

Venkatesh Kamath S V
Partner

M. No. 202626
UDIN : 25202626BMGYVH8571

V.D.S.R & CO. LLP F.R.No.001626S/ CHENNAI BANGALORE CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
TNEB Limited
CIN: U67190TN2009SGC073753

K. Nanthakumar, IAS
(Chairman cum
Managing Director) 12/12/24

K. Malarvizhi
(Director/Finance) 12/12/24

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)
12/12/24

D. Sureshkumar
Company Secretary 12/12/24

Place: Chennai
Date :18.12.2024

TNEB Limited
Statement of Cash Flows for the year ended 31 March 2021

(in INR crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Net profit before tax	(0.73)	(0.73)
Adjustments for:		
Depreciation and amortization expense	0.73	0.73
Operating profit before working capital changes	-	-
Working capital adjustments:		
(Increase) decrease in other financial assets	(0.73)	(0.77)
(Increase) decrease in other current assets	-	-
Increase (decrease) in other financial liabilities	2.92	3.90
Increase (decrease) in other current liabilities	(0.02)	0.07
Cash generated from operations	2.17	3.20
Income taxes paid (net)	-	-
Net cash flow from (used in) operating activities (A)	2.17	3.20
Cash flows from investing activities		
Acquisition or construction of capital work-in-progress	(2.17)	(3.20)
Purchase of investments	-	(763.59)
Net cash flow from (used in) investing activities (B)	(2.17)	(766.79)
Cash flow from financing activities		
Proceeds from issue of equity share capital	-	763.59
Net cash flow from (used in) financing activities (C)	-	763.59
Net increase (decrease) in cash and cash equivalents (A+B+C)	-	-
Cash and cash equivalents at the beginning of the year	0.05	0.05
Cash and cash equivalents at the end of the year	0.05	0.05
Reconciliation of cash and cash equivalents as per Statement of Cash Flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	0.05	0.05
	0.05	0.05

See accompanying notes to the financial statements

As per our report of even date
For V D S R & Co. LLP,
Chartered Accountants
Firm No.001626S/S200085

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYVH8578

V.D.S.R & CO. LLP
F.R.No.001626S/S200085
CHENNAI
CHARTERED ACCOUNTANTS

Place: Chennai
Date :18.12.2024

For and on behalf of the Board of Directors of
TNEB Limited
CIN: U67190TN2009SGC073753

K. Nanthakumar, IAS
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Sureshkumar
Company Secretary

TNEB Limited
Statement of Changes in Equity as at 31 March 2021

(in INR crores)

A. Equity share capital

	No. of Shares	Amount
Balance as at 1 April 2019	24,61,23,45,514	24,612.35
Changes in equity share capital during the year		
Add: Issued during the year	76,35,98,200	763.59
Balance as at 31 March 2020	25,37,59,43,714	25,375.94
Balance as at 1 April 2020	25,37,59,43,714	25,375.94
Changes in equity share capital during the year		
Add: Issued during the year	-	-
Balance as at 31 March 2021	25,37,59,43,714	25,375.94

B. Other equity

Particulars	Reserves and surplus	Total
	Retained earnings	
Balance as at 1 April 2019	254.04	254.04
Profit (loss) for the year	(0.73)	(0.73)
Other comprehensive income for the year	-	-
Balance as at 31 March 2020	253.31	253.31
Balance as at 1 April 2020	253.31	253.31
Profit (loss) for the year	(0.73)	(0.73)
Other comprehensive income for the year	-	-
Balance as at 31 March 2021	252.58	252.58

See accompanying notes to the financial statements

As per our report of even date
For V D S R & Co. LLP,
Chartered Accountants
Firm No.001626S/S200085

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYVH8571

V D S R & CO. LLP * F.R.No.001626S/S200085 * CHENNAI BANGALORE * CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
TNEB Limited
CIN: U67190TN2009SGC073753

K. Nanthakumar, IAS
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Sureshkumar
Company Secretary

Place: Chennai
Date :18.12.2024

1. Corporate information

TNEB Limited ("TNEB" or the "Company") is a public limited company domiciled in India and incorporated on 1 December 2009 under the provisions of the Companies Act, 1956.

The Company is owned by Government of Tamil Nadu. The Company has emerged out of the scheme known as Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme notified by the Government of Tamil Nadu and primarily an investment company and shall invest in the field of electricity. TNEB Limited has two subsidiary companies viz., Tamil Nadu Generation and Distribution Corporation Limited ("TANGEDCO") and Tamil Nadu Transmission Corporation Limited ("TANTRANSCO"). TANGEDCO is engaged in the business of generation and distribution of power throughout the state of Tamil Nadu and TANTRANSCO is engaged in the business of transmission of power in the state of Tamil Nadu. The Company has its registered office in NPKRR MAALIGAI (TNEB Office), 144 Anna Salai, Chennai 600 002.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and the provisions of the Electricity Act, 2003 to the extent applicable.

The Company's financial statements up to and for the year ended 31 March 2020 were prepared in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Companies Act, 2013 and the provisions of Electricity Act, 2003 to the extent applicable.

As these are the Company's first financial statements prepared in accordance with Ind AS, Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 26

These financial statements were approved for issue by the Board of Directors on

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores (up to two decimals), unless otherwise stated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a) - direct overheads attributable to Property, Plant and Equipment ("PPE");
- Note 3(h) - leases: whether an arrangement contains a lease;
- Note 3(h) - lease classification;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(a) - useful lives of PPE;
- Note 3(b) and Note 3(d) - impairment of financial and non-financial assets;
- Note 3(b) - estimation of expected credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument;
- Note 3(i) - estimations used for determination of tax expenses and tax balances;
- Note 3(i) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 3(m) - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

f. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (12 months) and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, *Presentation of Financial Statements.*

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of trading;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of trading;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

3. Significant accounting policies

a. Property, plant, and equipment

i. Initial recognition and measurement

The property, plant & equipment has been taken at the transfer price in respect of the assets transferred by the State Government vide G.O. Notification No. 49 with effect from 13 August 2015.

Items of property, plant & equipment are measured at cost, less accumulated depreciation, and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use, capitalised borrowing costs and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Consumable spare parts are carried as inventory and recognized in the Statement of Profit and Loss on consumption.

On transition to Ind AS, the Company has elected to fair value the major class of assets existing as on the date of transition and consider it as their deemed cost of such property, plant, and equipment in accordance with Ind AS 101.

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PPE are recognised in Statement of Profit and Loss as incurred.

iii. Depreciation

Depreciation is recognized in Statement of Profit and Loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Depreciation is calculated from the date of capitalization or procurement of the asset as determined by

the Company's technical team. Assets costing individually INR 500 or less are depreciated fully in the year of purchase. In respect of leasehold improvements, depreciation is charged every year on such amount as is required to write off entire cost of leasehold improvements, on a straight-line method, for the estimated useful life of the asset; or over the period of the lease whichever is earlier.

The useful lives have been determined based on technical evaluation done by the management expert's thus, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets. The Company depreciates assets up to 90% of the cost of the asset and 10% is retained as the residual value.

Assets fair valued as on 1 April 2019 have been depreciated over the remaining useful life of the assets as provided by the Company's technical team. With respect to the assets put into use subsequent to the transition date, the useful life is arrived based on the depreciation rates prescribed in Regulation 24 of Tamil Nadu Electricity Regulation Commission's (Terms and Conditions of Determination of Tariff) Tariff Regulations 2005 as amended vide Gazatte No.14 notification dated 09.04.2014.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iv. De-recognition

PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the asset as at the date of de-recognition and is recognized in the Statement of Profit and Loss.

v. Capital work-in-progress

PPE under construction, advance paid towards acquisition, cost incurred for assets that are not ready for their intended use as on the reporting date and cost of asset not put to use before the year end, are disclosed as capital work-in-progress.

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and the borrowing costs attributable to the acquisition or construction of qualifying asset.

Depreciation is not provided on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

b. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a financial liability only when it becomes party to the contractual provisions of the instrument.

i. Financial assets

Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets which are not valued at fair value through profit or loss, are added to the fair value on initial recognition.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value.

Subsequent measurement

For purpose of subsequent measurement, financial assets are classified into:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit or loss (FVTPL); and
- Financial assets measured at fair value through other comprehensive income (FVOCI).

The Company classifies its financial assets in the above-mentioned categories based on:

- The Company's business model for managing the financial assets, and
- The contractual cash flows characteristics of the financial asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost using effective interest rate method ("EIR") (except for debt instruments that are designated as at Fair Value through Profit or Loss ("FVTPL") on initial recognition):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Amortised cost of a financial asset means the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR.

Impairment of trade receivables and other financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Currently, the Company does not have any revenue and trade receivables, therefore impairment provision is not applicable.

ii. **Financial liabilities and equity instruments**

Initial recognition and measurement

Equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument as per Ind AS 32, *Financial instruments: Presentation.*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the EIR.

Other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

Financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A financial asset is measured at Fair Value through OCI ("FVTOCI") if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and
- The asset's contractual cash flows represent SPPI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at FVTOCI. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired; or

Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The difference between the carrying amount and the amount of consideration received/receivable is recognized in the Statement of Profit and Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if these are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in other comprehensive income ("OCI"). These gains/ losses are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as fair value through profit and loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

The Company has not designated any financial liability at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the extinguishment of original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

c. Investment in subsidiaries, jointly controlled entities and associates

Investment in subsidiaries, jointly controlled entities and associates are measured at cost less impairment as per Ind AS 27, *Separate Financial Statements*. The cost comprises price paid to acquire investment and directly attributable cost, if any.

Impairment of investments:

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, so that the increased carrying

amount does not exceed the cost of the investment. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

d. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Recoverable amount of an asset is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When it is not possible to determine the recoverable amount of an individual asset, then the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The Company's corporate assets to the extent possible are allocated to the CGUs it belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognised in respect of a CGU is allocated to the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis. Impairment losses are recognised in the Statement of Profit and Loss.

The Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. Employee benefits

In terms of the Tamil Nadu Electricity (Re-organization and Reforms) Transfer Scheme, 2010, all the employees of TNEB were transferred to TANGEDCO and subsequently some employees were deputed to the TANGEDCO's fellow subsidiary i.e., TANTRANSCO. The Company since incorporation has no employees on its own.

f. Sharing of Expenses

Clause 11 (5) of G.O. No.100 dated 19.10.2010 stipulates that the expenses incurred by the TNEB will be reimbursed on actual basis by TANGEDCO and TANTRANSCO in the proportion determined by the Chairman of TNEB in consultation with TANGEDCO & TANTRANSCO.

The ratio of sharing expenses between TANGEDCO and TANTRANSCO has been fixed as 60:40 based on equity share capital as notified in Final Transfer Scheme by TNEB Limited in the respective companies. Though the investment ratio has changed during the year, the ratio of sharing expenses is retained at same percentage.

g. Revenue

The Company's revenues arise from dividend received from subsidiaries. Dividend income from subsidiaries is recognised when the right to receive payment has been established. There are no dividends during the year.

h. Leases

As lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease as per requirements under Ind AS 116. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset in which case the lease is classified as finance lease.

Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the Statement of Profit and Loss.

The amounts due from lessees under finance leases are recorded in the balance sheet as financial assets, classified as 'Finance lease receivables', at the amount equal to the net investment in the lease.

In certain cases of leases where the Company retains the principal risks and rewards of ownership of the underlying asset, the arrangement is considered as operating lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

i. Income-tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of the deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

j. Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates i.e., functional currency. The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. When advance payments are made to the supplier, the related asset or expense is accounted using the spot exchange rate as on the date of advance payment.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising

on settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the year in which it arises.

There are no foreign currency transactions in the Company during the year 2020-21.

k. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. There are no borrowing costs during the year.

l. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions associated with the grant. The grants are recognised in profit or loss as other operating revenue on a systematic basis. Grants related to depreciable assets are recognised in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognised. Capital grants other than those related to depreciable assets are treated as deferred income which is recognized in the Statement of Profit and Loss statement on a systematic and rational basis over the useful life of the asset, i.e., such amounts are allocated to income over the periods.

m. Provision, contingent liabilities and contingent assets

A provision (other than for employee benefits) is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events

not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

n. Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Company's Board of Directors are responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Company's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Company. The Company is operating in a single segment and there are no other reportable segments.

o. Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares, as the Company is a Government of Tamil Nadu undertaking with 100% equity shareholding.

p. Prior period items, accounting estimates and effect of change in accounting policy

Prior period items/errors of material nature are corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred. If the prior period error found material occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

The effect of change in accounting estimate is recognised prospectively in the Statement of Profit and Loss except where they relate to assets and liabilities, the same is recognised by adjusting the carrying amount of related assets/liability/equity in the period of change. Changes in accounting policy due to initial application of Ind AS are dealt with in accordance with specific transitional provisions, if any in the respective Ind AS. In other cases, the changes in accounting policy are done retrospectively; the application of such change is limited to the earliest period practicable.

q. Events occurring after the balance sheet date

Assets and liabilities are adjusted for events that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors that provide additional evidence to assist the estimation of amounts relating to conditions existing at the

end of the reporting period. Such events are disclosed or given effect to in the financial statements as provided for in Ind AS 10, *Events after the reporting period.*

r. Recent accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The Company is in the process of evaluating the impact of these amendments to the financial statements and will implement these amendments from FY 2021-22.

4(a) Property, plant and equipment and capital work-in-progress

(in INR crores)

Reconciliation of carrying amount

Particulars	Freehold land	Buildings	Other civil works	Plant and Machinery	Vehicles*	Furniture and fixtures	Office equipments*	Total (A)	Capital work-in-progress (B)	Total (A+B)
Cost or deemed cost (Gross carrying amount)										
Balance as at 1 April 2019	236.28	26.78	0.45	0.51	0.11	0.92	0.32	265.37	20.02	285.39
Additions during the year	-	-	-	-	-	-	-	-	3.20	3.20
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	236.28	26.78	0.45	0.51	0.11	0.92	0.32	265.37	23.22	288.59
Balance as at 1 April 2020	236.28	26.78	0.45	0.51	0.11	0.92	0.32	265.37	23.22	288.59
Additions during the year	-	-	-	-	-	-	-	-	2.17	2.17
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	236.28	26.78	0.45	0.51	0.11	0.92	0.32	265.37	25.39	290.76
Accumulated depreciation and impairment losses										
Balance as at 1 April 2019	-	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	0.56	0.02	0.04	-	0.11	-	0.73	-	0.73
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	0.56	0.02	0.04	-	0.11	-	0.73	-	0.73
Balance as at 1 April 2020	-	0.56	0.02	0.04	-	0.11	-	0.73	-	0.73
Depreciation during the year	-	0.56	0.02	0.04	-	0.11	-	0.73	-	0.73
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	1.12	0.04	0.08	-	0.22	-	1.46	-	1.46
Carrying amount (net)										
As at 1 April 2019	236.28	26.78	0.45	0.51	0.11	0.92	0.32	265.37	20.02	285.39
As at 31 March 2020	236.28	26.22	0.43	0.47	0.11	0.81	0.32	264.64	23.22	287.86
As at 31 March 2021	236.28	25.66	0.41	0.43	0.11	0.70	0.32	263.91	25.39	289.30

*As per the Company's accounting policy, the Company depreciates assets up to 90% of the cost of the asset and 10% is retained as the residual value. However in case of vehicles & office equipments, the Company charged excess depreciation towards these assets during the previous years. On transition to Ind AS, the same was rectified in the respective years. Since the deemed cost of vehicles and office equipments as on 1 April 2019 represents residual value of these assets, no depreciation is provided during FY 19-20 and FY 20-21.

(in INR crores)

5 Financial assets - Investments

	31 March 2021	31 March 2020	1 April 2019
Non-current investments			
Investment in subsidiaries			
a. Tamil Nadu Generation and Distribution Corporation Limited			
20,05,78,22,273 (31 March 2020: 20,05,78,22,273; 1 April 2019: 19,77,88,42,273) equity shares of INR 10 each	20,057.82	20,057.82	19,778.84
b. Tamil Nadu Transmission Corporation Limited			
5,308,933,478 (31 March 2020: 5,308,933,478; 1 April 2019: 4,824,315,278) equity shares of INR 10 each	5,308.93	5,308.93	4,824.32
	25,366.75	25,366.75	24,603.16
All units are in absolute numbers			
Aggregate value of quoted investments	-	-	-
Aggregate value of unquoted investments	25,366.75	25,366.75	24,603.16
Aggregate amount of impairment in value of investments	-	-	-

6 Financial assets - Cash and bank balances

	31 March 2021	31 March 2020	1 April 2019
Balances with banks			
Balance in current account	0.05	0.05	0.05
	0.05	0.05	0.05

7 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Receivable from related parties	4.97	4.24	3.47
	4.97	4.24	3.47

8 Other current assets

	31 March 2021	31 March 2020	1 April 2019
Prepaid expenses	0.04	0.04	0.04
	0.04	0.04	0.04

(in INR crores)

5 Equity share capital

	31 March 2021	31 March 2020	1 April 2019
Authorized			
30,00,00,00,000 shares (31 March 2020: 30,00,00,00,000; 1 April 2019: 30,00,00,00,000) equity shares of INR 10 each	30,000.00	30,000.00	30,000.00
	30,000.00	30,000.00	30,000.00
Issued, subscribed and paid-up			
25,37,59,43,714 (31 March 2020: 25,37,59,43,714 ; 1 April 2019: 24,61,23,45,514) equity shares of INR 10 each fully paid up	25,375.94	25,375.94	24,612.35
	25,375.94	25,375.94	24,612.35

a) Reconciliation of equity shares and share capital outstanding at the beginning and at the end of the reporting year

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	25,37,59,43,714	25,375.94	24,61,23,45,514	24,612.35
Issued during the year	-	-	76,35,98,200	763.59
At the end of the year	25,37,59,43,714	25,375.94	25,37,59,43,714	25,375.94

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of INR 10 per share. Each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

No dividend has been declared and distributed to equity shareholders during the current year as well as previous year.

c) Details of shares held by the holding and ultimate holding company

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,37,59,43,714	25,375.94	25,37,59,43,714	25,375.94
	25,37,59,43,714	25,375.94	25,37,59,43,714	25,375.94

d) Particulars of shareholders holding more than 5% of equity shares of INR 10 each fully paid in the Company

	31 March 2021		31 March 2020	
	No. of shares*	% held	No. of shares*	% held
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,37,59,43,714	100.00%	25,37,59,43,714	100.00%
	25,37,59,43,714	100.00%	25,37,59,43,714	100.00%

*Share details are in absolute numbers.

e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date

-The Company has allotted 14,96,03,05,160 equity shares at par as fully paid in pursuant of contracts for consideration other than cash.

- During the year ended 31 March 2020, the Company allotted 27,89,80,000 equity shares as fully paid up at par in consideration towards Coastal Disaster Risk Reduction Project (CDRRP) assisted by World Bank - conversion of overhead feeder into under ground cables in Cuddalore and Nagapattinam Districts. G.O. (Ms) No.477 Revenue & Disaster Management Dept. dated 23 December 2019, 33,46,18,200 equity shares as fully paid up at par in consideration towards execution of 15 projects as approved by Small Infrastructure Project Empowered Committee (SIPEC) vide G.O. (Ms) No.99 Energy Department dated 31 December 2019 vide Circulation Board Approval dated 29 August 2019, and 15,00,00,000 equity shares as fully paid up at par in consideration towards execution of East Coast Economic Corridor Phase II, Chennai - Kanyakumari Industrial Corridor (CKIC) Projects proposed for availing loan from Asian Development Bank (ADB) vide G.O. (MS) No.90 Energy Department dated 20 November 2019 vide confirmation of

- During the year ended 31 March 2019, the Company allotted 11,16,38,892 equity shares as fully paid up at par in consideration towards Cyclone Resilient Electrical Network of Conversion of OH cable into UG cable in Cuddalore, Nagapattinam, Velankanni Towns vide G.O. (Ms) No. 57 Revenue & Disaster Management Dept. dated 15 Februrary 2019 and during the year ended 31 March 2020, alloted 8,29,37,600 equity shares as fully paid up at par in consideration towards execution of 15 projects as approved by Small Infrastructure Project Empowered Committee (SIPEC) vide G.O. (Ms) No. 21 Energy Department dated 28 February 2019 vide Circulation Board Approval dated 29 August 2019.

10.1 Other equity

	31 March 2021	31 March 2020	1 April 2019
Retained earnings	252.58	253.31	254.04
	252.58	253.31	254.04

10.2 Retained earnings

	31 March 2021	31 March 2020
Opening balance	253.31	254.04
Add: Profit (loss) for the year	(0.73)	(0.73)
Add : Other comprehensive income for the year, net of tax	-	-
Closing balance	252.58	253.31

(in INR crores)

11 Other financial liabilities

	31 March 2021	31 March 2020	1 April 2019
Payable to related parties	32.52	29.60	25.70
	32.52	29.60	25.70

12 Other current liabilities

	31 March 2021	31 March 2020	1 April 2019
Provision for liability of expenses	0.07	0.09	0.02
	0.07	0.09	0.02

(in INR crores)

13 Depreciation and amortization expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 4(a))	0.73	0.73
	0.73	0.73

(in INR crores)

14 Earnings per share

The shares issued by the Company are non-cumulative in nature. Hence, the Company's basic and diluted earnings per share are same.

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

i. Profit (loss) attributable to equity shareholders (basic and diluted)

	Year ended 31 March 2021	Year ended 31 March 2020
Profit (loss) for the year, attributable to the equity holders	(0.73)	(0.73)

ii. Weighted average number of equity shares (basic and diluted)

	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance	25,37,59,43,714	24,61,23,45,514
Effect of fresh issue of shares	-	76,35,98,200
Closing balance of issued equity shares	**25,37,59,43,714**	**25,37,59,43,714**
Weighted average number of equity shares for the year	25,37,59,43,714	24,82,56,85,997
Basic and diluted earnings per share (in INR)	(0.00)	(0.00)

(in INR crores)

Financial Instruments Disclosures

15 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital and it manages its capital to ensure that it will be able to continue as going concern while attaining breakeven through optimized utilization of capital.

The Company determines the amount of capital required on the basis of budgeting and plan for working capital, capital outlay and other strategic involvements. The funding requirements are met through equity and internal accruals.

The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The capital structure is as follows:

Particulars	31 March 2021	31 March 2020	1 April 2019
Total liabilities	32.59	29.69	25.72
Less: Cash and cash equivalents	0.05	0.05	0.05
Adjusted net debt (A)	32.54	29.64	25.67
Total equity (B)	25,628.52	25,629.25	24,866.39
Gearing ratio (A/B)	0.00	0.00	0.00

16 Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Cash and cash equivalents	-	-	0.05	-	-	0.05
Other financial assets	-	-	4.97	-	-	4.24
Total assets	-	-	5.02	-	-	4.29
Financial liabilities						
Other financial liabilities	-	-	32.52	-	-	29.60
Total liabilities	-		32.52	-		29.60

Particulars	1 April 2019		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	-	-	0.05
Other financial assets	-	-	3.47
Total assets	-	-	3.52
Financial liabilities			
Other financial liabilities	-	-	25.70
Total liabilities	-	-	25.70

17 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying amount of all financial assets and liabilities are considered to be same as their fair values, and hence no separate fair value hierarchy is presented.

18 Financial risk management *(in INR crores)*

i. Risk management framework

The Company's risk management activities are managed, directed and controlled by the Board of Directors of the Company. The Management ensures appropriate risk governance framework for the Company through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company's principal financial liabilities comprise of payable to related parties. These financial liabilities represent the amount payable to TANGEDCO for the excess expense reimbursement. The Company's principal financial assets include other receivables from related parties and cash and cash equivalents.

In the ordinary course of business, the Company is exposed to credit risk and liquidity risk.

Risk	Exposure arising from	Management Response
Credit risk	Cash and cash equivalents and other financial assets	The Company's receivable is solely from its subsidiary, TANTRANSCO. The risk on these receivables is considered to be nil as both the Company and TANTRANSCO are directly or indirectly owned by GoTN. Hence, the Company has not recognized any provision for Expected Credit Losses ('ECL').
Liquidity Risk	Other liabilities	The Company's board regularly monitors the liquidity position of the Company and takes proactive measures to ensure that the Company does not default on payment obligations. Further, the Company's payable solely represent the amount payable to its subsidiary, TANGEDCO, hence has credit lines to mitigate any unplanned events.

A Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, cash & cash equivalents, and from its financing activities, other financial instruments. Bank balances are held with reputed and creditworthy banking institutions.

(in INR crores)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2021	31 March 2020	1 April 2019
Financial assets for which loss allowance is measured using 12 months ECL			
Current financial assets			
(i) Cash and cash equivalents	0.05	0.05	0.05
(ii) Other financial assets	4.97	4.24	3.47
	5.02	4.29	3.52

Provision for ECL

a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counterparties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognized.

B Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company monitors the net liquidity position on the basis of expected cash flows vis-a-vis debt service fulfilment obligation. The Company has sufficient liquidity to meet its obligations. The Company manages liquidity risk by maintaining adequate banking facilities. The Company ensures that, it has sufficient liquidity to meet its expected operational expenses including servicing of financial obligations.

Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021, 31 March 2020 and 1 April 2019:

Particulars	31 March 2021				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Other financial liabilities	-	2.92	3.90	25.70	-

Particulars	31 March 2020				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Other financial liabilities	-	3.90	9.08	16.62	-

Particulars	1 April 2019				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Other financial liabilities	-	9.08	12.59	4.03	-

(in INR crores)

19 Disclosure as per Ind AS 27 *Separate financial statements*

a) Investment in subsidiary companies:

Company name	Country of incorporation	Proportion of ownership interest (in %)		
		31 March 2021	31 March 2020	1 April 2019
Tamil Nadu Generation and Distribution Corporation Limited	India	100	100	100
Tamil Nadu Transmission Corporation Limited	India	100	100	100

20 Related parties

a. List of related parties

i) Parent and ultimate controlling party

Government of Tamil Nadu is the parent and the ultimate controlling party of the Company.

ii) Subsidiary company

Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)
Tamil Nadu Transmission Corporation Limited (TANTRANSCO)

iii) Key Managerial Personnel and their relatives

Chairman cum managing director
Pankaj Kumar Bansal - Chairman cum Managing Director (from 08 June 2020 to 17 May 2021)

Directors
Tmty. M.A. Helen - Director (Distribution) (from 01 December 2016 to 27 May 2021)
Thiru. R. Ethiraj - Director (Generation) (from 24 October 2019 to 27 May 2021)
Thiru. K. Sundaravadhanam - Director (Finance) (from 24 September 2018 to present)
Thiru. S. Shanmugam - Part time Director / TG (from 01 March 2016 to present)
Thiru. S. Krishnan, I.A.S ., Additional Chief Secretary to Govt (Finance Department) - Director (Ex-Officio) (from 01 July 2019 to 06 November 2021)
S.K. Prabakar, I.A.S., Principal Secretary to Govt (Energy Department) - Director (Ex-Officio) (from 08 June 2020 to 26 May 2021)
Tmty. E.Sundaravalli, I.A.S., Additional Secretary to Govt (Industries Department) - Director (Ex-Officio) (from 07 June 2020 to 23 September 2020)
Tmty. V.Amudavalli, I.A.S., Additional Secretary to Govt (Industries Department) -Director (Ex-Officio) (from 23 September 2020 to 05 August 2021)

Company secretary
D. Suresh Kumar (from 20 June 2020 to 31 March 2021)

Entities under the control of the same government
The Company is a State Public Sector Undertaking (SPSU) controlled by State Government by holding majority of shares. Pursuant to Paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. Transactions with these parties are carried out at market terms at arm length basis. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements.

b. Transactions with subsidiaries, associates and joint ventures

Name of the related party	Nature of transaction by the Company	Year ended 31 March 2021	Year ended 31 March 2020
Tamil Nadu Transmission Corporation Limited	Reimbursement of TNEB Expenses	0.73	0.74
Tamil Nadu Generation and Distribution Corporation Limited	Reimbursement of TNEB Expenses	2.92	1.11

c. Outstanding balances including commitments with related parties are as follows

Name of the related party	Nature of relationship	31 March 2021	31 March 2020	1 April 2019
Tamil Nadu Transmission Corporation Limited	Subsidiary	4.97	4.24	3.47
Tamil Nadu Generation and Distribution Corporation Limited	Subsidiary	32.52	29.60	25.70

d. Sharing of Expenses

Nature of Expenses	2020-21		2019-20	
	Share of TANGEDCO	Share of TANTRANSCO	Share of TANGEDCO	Share of TANTRANSCO
Maintenance of headquarters building expenses	0.85	0.57	0.89	0.60
Maintenance of Delhi Guest House Expenses	0.16	0.10	0.06	0.04
Consultancy charges	0.08	0.05	0.07	0.05
ROC Expenses	-	-	0.08	0.05
Audit Fees	0.01	0.00	0.01	0.00

e. Terms and conditions of transactions with the related parties:

Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

(in INR crores)

21 Income Tax

A Amounts recognized in the Statement Profit and Loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	1.03	(0.22)
Deferred tax expense/ (income)	(1.03)	0.22
Reversal of Deferred tax expense/ (income) (refer note B below)	-	-
Tax expense for the year		

B Movement in deferred tax balances

	31 March 2021			
	Opening balance	Recognized in profit or loss*	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax assets				
Property, plant and equipment	(16.59)	2.30	-	(14.29)
Carry forward losses	(42.73)	(1.27)	-	(44.00)
	(59.32)	1.03		(58.29)
Net tax (asset) / liabilities	(59.32)	1.03	-	(58.29)

	31 March 2020			
	Opening balance	Recognized in (profit)/ loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax				
Property, plant and equipment	-19.19	2.60	-	-16.59
Carry forward losses	(39.91)	(2.82)	-	(42.73)
	(59.10)	(0.22)	-	(59.32)
Net tax (asset) / liabilities	(59.10)	(0.22)	-	(59.32)

*The Company has recognized deferred tax asset only to the extent of deferred tax liability. The Company has not recognized any deferred tax asset as there is no probable future taxable profits which will be available against which such deferred tax asset shall be utilized.

22 Corporate Social Responsibility Expenses (CSR)

As per Section 135 of The Companies Act, 2013, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. Since the Company incurred loss during the three immediate preceding financial years for FY 2019-20 and FY 2020-21, and no CSR expenditure was incurred by the Company for both the years.

(in INR crores)

23 Disclosure as per Ind AS 116 *Leases*

(A) Company as Lessor

TANGEDCO and TANTRANSCO, the subsidiaries of the Company, are currently using the land and building belonging to the Company for their head office and branch offices on free of cost basis.

24 Operating segments

A Basis of segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segments and assess their performance. The Board of Directors is considered to be the Chief Operating Decision Maker (CODM) within the purview of Ind AS 108 *Operating Segments*

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. Board of Directors of the Company reviews the operating results of the Company as a whole and therefore there is only one reportable segment as required by Ind AS 108.

B Information about geographical areas

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, the non-current assets have been based on the geographical location of the assets. In the case of the Company, all non-current assets are situated in India only.

25 Commitment and contingent liabilities

The Company has no contingent liabilities as of 31 March 2021, 31 March 2020 and 1 April 2019. The total capital commitment pertaining to the capital work-in-progress as on 31 March 2021 is INR 18.24 crores (31 March 2020: INR 16.78 crores and 1 April 2019: INR 19.98 crores)

(in INR crores)

26 First- time adoption of Indian Accounting Standard (Ind AS)

The Company's financial statements for the year ended 31 March 2021 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the provisions of the Electricity Act, 2003 to the extent applicable.

The accounting policies set out in Note 2 and 3 have been applied in preparing the financial statements for the year ended 31 March 2021 including the comparative information for the year ended 31 March 2020 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2019.

In preparing its Ind AS balance sheet as at 1 April 2019 and in presenting the comparative information for the year ended 31 March 2020, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has availed optional exemptions and mandatory exceptions in accordance with Ind AS 101 as explained below:

A Optional exemptions availed

i. Deemed cost for property plant and equipment

As permitted by Ind AS 101, the Company has elected to carry out fair valuation for the major class of assets existing as on the date of transition through an Independent consultant and consider it as their deemed cost under Ind AS. For the other categories that are not material, the Company has computed the cost in accordance with the requirements of Ind AS. Fair value arrived by the independent consultant has been adopted by the Company and accordingly the book values are restated to the extent of INR 116.30 crores as on 1 April 2019. The Company has also adjusted the previous IGAAP carrying amount for items that are not allowed to be capitalized under Ind AS to arrive at the Ind AS cost for the remaining class of assets.

ii. Investments in subsidiaries, joint ventures and associates

As permitted by Ind AS 101, the Company has opted for the optional exemption to carry its investment in subsidiaries at deemed cost. Accordingly, the previous GAAP carrying amount of such investments as on transition date has been taken as deemed cost.

iii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

B. Mandatory exceptions

i. Impairment of financial assets

Ind AS 101 requires impairment requirement as per Ind AS 109 to be applied retrospectively. If at the date of transition to Ind AS, the entity expects that it will incur undue costs and efforts in assessing credit risk, an amount equal to life-time credit loss should be recognized at each reporting date till derecognition of such asset. The Company has determined to recognize impairment provision based on 12 months expected losses on the date of transition to Ind AS.

ii. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition criteria as per Ind AS 109 prospectively and has not recognized any previously derecognized non-derivative financial assets and financial liabilities prior to 1 April 2019 that may qualify for recognition as per Ind AS.

First- time adoption of Indian Accounting Standard (Ind AS)

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from IGAAP to Ind AS in accordance with Ind AS 101:

-equity as at 1 April 2019;
-equity as at 31 March 2020;
-total comprehensive income for the year ended 31 March 2020

(i) Reconciliation of equity as at 1 April 2019 and 31 March 2020

	Particulars	31 March 2020 (Last period presented under previous GAAP)			1 April 2019 (Date of Transition)		
		Previous GAAP	Effect of transition to Ind AS*	Ind AS	Previous GAAP	Effect of transition to Ind AS*	Ind AS
	ASSETS						
1	**Non-current assets**						
	Property, plant and equipment	364.43	(99.79)	264.64	381.54	(116.17)	265.37
	Capital work-in-progress	23.22	-	23.22	20.02	-	20.02
	Financial assets						
	(i) Investments	25,366.75	-	25,366.75	24,603.16	-	24,603.16
	Total non-current assets	25,754.40	(99.79)	25,654.61	25,004.72	(116.17)	24,888.55
2	**Current assets**						
	Financial assets						
	(i) Cash and cash equivalents	0.05	-	0.05	0.05	-	0.05

(in INR crores)

	(ii) Other financial assets	4.24	-	4.24	3.47	-	3.47
	Other current assets	0.04	-	0.04	0.04	-	0.04
	Total current assets	4.33	-	4.33	3.56	-	3.56
	TOTAL ASSETS	25,758.73	(99.79)	25,658.94	25,008.28	(116.17)	24,892.11
	EQUITY AND LIABILITIES						
1	Equity						
	Equity share capital	25,375.94	-	25,375.94	24,612.35	-	24,612.35
	Other equity	353.10	(99.79)	253.31	370.21	(116.17)	254.04
	TOTAL EQUITY	25,729.04	(99.79)	25,629.25	24,982.56	(116.17)	24,866.39
2	Current liabilities						
	Financial liabilities						
	(i) Other financial liabilities	29.60	-	29.60	25.70	-	25.70
	Other current liabilities	0.09	-	0.09	0.02	-	0.02
	Total current liabilities	29.69	-	29.69	25.72	-	25.72
	TOTAL EQUITY AND LIABILITIES	25,758.73	(99.79)	25,658.94	25,008.28	(116.17)	24,892.11

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2020

Particulars	31 March 2020 (Last period presented under previous GAAP)		
	IGAAP	Effect of transition to Ind AS*	Ind AS
INCOME			
Revenue from operations	-	-	-
TOTAL INCOME	-	-	-
EXPENSES			
Depreciation and amortization expense	0.99	(0.26)	0.73
TOTAL EXPENSES	0.99	(0.26)	0.73
Profit before tax	(0.99)	0.26	(0.73)
Tax expense:			
- Current tax	-	-	-
- Deferred tax	-	-	-
Profit For The Year	(0.99)	0.26	(0.73)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plan	-	-	-
- Income tax relating to items that will not be reclassified to profit or loss (net)	-	-	-
Total other comprehensive income for the year	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(0.99)	0.26	(0.73)

*Includes prior period correction

(iii) Reconciliation of total equity as at ended 31 March 2020 and 1 April 2019

Particulars	31 March 2020 (Last period presented under previous GAAP)	1 April 2019 (Date of Transition)
Total equity (shareholders' fund) under previous GAAP	25,729.04	24,982.56
Adjustments for prior period correction [A]	0.62	0.13
Total equity (shareholders' fund) under previous GAAP (restated)	25,729.66	24,982.69
Ind AS Adjustments [B]:		
Fair valuation of fixed assets	(100.41)	(116.30)
Total adjustment to equity	(100.41)	(116.30)
Total equity under Ind AS	25,629.25	24,866.39

[A] Prior period correction

- On transition to Ind AS, the Company has rectified the prior period errors arising from excess depreciation charged towards the vehicles and office equipments.

[B] Notes to Ind AS adjustments

1 **Fair valuation of fixed assets:** The Company as part of its transition to Ind AS determined the fair value of its property, plant equipment ('PPE'). The fair value is considered to be the deemed cost under Ind AS. The difference between the fair value determined as on the date of transition and the carrying value under the previous GAAP amounting to INR 116.30 crores has been recognized in the retained earnings. Under previous GAAP, the Company carried its PPE at its historical cost and depreciated the assets using the rates prescribed by Tamil Nadu Regulatory Commission ('TNERC'). On transition to Ind AS, the Company has determined the technical useful life of the assets for the purposes of depreciation.

(in INR crores)

27 The administrative expenses of the Company are re-charged to its subsidiaries TANGEDCO (60% of expenses) and TANTRANSCO (40% of expenses), and the expenses and the collection from the subsidiaries are netted off, hence not reported in the Statement of Profit and Loss.

28 Previous year figures have been regrouped or reclassified where necessary to conform with current year's classification / disclosure.

As per our report of even date
For V D S R & Co. LLP,
Chartered Accountants
Firm No.001626S/S200085

Venkatesh Kamath S V
Partner
Membership No.202606
UDIN : 25202626BMGYVH8571

Place: Chennai
Date :18.12.2024

For and on behalf of the Board of Directors of
TNEB Limited
CIN: U67190TN2009SGC073753

K. Nanthakumar, IAS
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Sureshkumar
Company Secretary

V D S R & Co. LLP
CHARTERED ACCOUNTANTS

Office:
No. 3A, 3rd Floor, Amber Crest Apartment,
No. 37, Pantheon Road, Egmore, Chennai – 600 008.
Tel : 044-2855 4447, 2855 4019
Mobile : 98404 12632
Email : vijay@vdsr.co.in
Web : www.vdsr.co.in

Branch:
70/5, 3rd Floor, Suvarna Towers,
Nagarbhavi Main Road,
CHBCS Layout, Vijayanagar 21st Cross,
Bangalore - 560 040.
Mobile: 98807 15962
Email : kamath@vdsr.co.in

Independent Auditors' Report on Consolidated Ind AS Financial Statements

To the Members of TNEB Limited

Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of **TNEB Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are together referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March 2021, the consolidated statement of Profit and Loss, the consolidated cash flow statement for the year then ended and the summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2021, their consolidated loss and their consolidated cash flows for the year ended on that date.

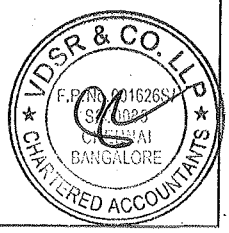
Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

1. As per Notification of Ministry of Corporate Affairs dated 16th February 2015, Ind AS has to be followed mandatorily by the Company with effect from the accounting period beginning 01st April 2016 based on Net Worth Criteria. The Company has complied with Ind AS and prepared financial statements complying with applicable Ind AS for the year ended 31st March 2021 and correspondingly reinstating 31st March 2020 and including Opening balance sheet as at 01st April 2019.



2. The Company has prepared the Consolidated financial statements in accordance with the Indian Accounting Standards (Ind AS 110). The Consolidated Financial Statements has not been prepared by the TANGEDCO ("subsidiary company") as it satisfies the criteria mentioned in the Ind AS 110:

   i. The Company is 100% Holding Company of TANGEDCO who in turn is a 100% holding company of UPCL.

   ii. As the company TANGEDCO neither trades its debts or equity instruments in a public market nor in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. Hence not prepared the consolidated financial statements between TANGEDCO and Udangudi Power Corporation Limited (UPCL).

   iii. The Company which is a ultimate holding company (TNEB Limited) has prepared the consolidated financial statements in accordance with the Ind AS consolidating financials of TANGEDCO and its 100% subsidiary (UPCL).

3. The financial statement of the Joint ventures and associate entities (Mandakini B Coal Corporation Limited, Maha Tamil Collieries Limited, NLC Tamil Nadu Power Limited) of the wholly owned subsidiary company (TANGEDCO) have been consolidated in the financial statements of the Company by giving effect of its operational results during the year in the Other comprehensive income.

4. The financial statements of the Joint venture (Bengal Birbhum Coal Fields Ltd) of the wholly owned subsidiary company (TANGEDCO) has not been consolidated in the financial statements of the Company, since the joint venture entity is in the process of being acquired by other entity.

5. In wholly owned subsidiary company's(TANGEDCO) financials for the year ended 31st March 2022, the wholly owned subsidiary company noticed that there were errors due to omission/misstatement in the audited financials of for the year ended 31st March, 2021, and the same was rectified through a correction in the year 31st March 2022, in stand-alone financials. Accordingly, in the consolidated financial statement of 31st March 2021, the corrected financials related to errors due to omissions/misstatements on 31st March 2022, are considered as the restated financial statement will prevail over original signed financial statement.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our report.

Other Matters

a) In the absences of confirmation of balances for the amount due from TANTRANSCO("subsidiary company") and amount due to TANGEDCO("subsidiary company") as on 31st March 2021, we are not in a position to certify the correctness or otherwise of these figures in the Statement of Profit and Loss Account and Balance Sheet respectively.

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b) The building of TNEB is being used by TANGEDCO, for which the Company has not entered into any lease agreement and/or rental income, including sharing of common utility expenses, has not been booked in the period under audit. Resulting in non-compliance of matching principles and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.

The Independent auditors of the Subsidiary company **TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD (TANGEDCO),** have provided Qualified Opinion on the Ind AS financial statement and have stated as follows:

Basis for Qualified Opinion:

1. In respect of the fair valuation exercise of Property, Plant and Equipment (PPE) carried out as on the date of transition to Ind AS i.e., 1st April 2019, based on the newly implemented detailed fixed assets register and given effect to in the financial statement for Financial Year 2020-21, we have observed the following:

   a) In general, with regard to quantity, date of capitalisation and the useful life of Property, Plant and Equipment as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above needs strengthening.

   b) Further, in the absence of sufficient supporting document we are unable to confirm whether physical, technical and economic obsolescence have been factored in the valuation of PPE.

   c) In respect of most of the immovable properties, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing immovable properties have not been made available. Further, documents provided for land area measurement are not matching with the measurement considered for the purpose of valuation. In the absence of adequate information, we are unable to quantify the impact of the above on the valuation of immovable properties in the nature of land.

   d) In respect of buildings, sufficient supporting documents to confirm the built-up area were not made available.

   e) In respect of Plant and Machinery, Lines, cable network,
      i. Sufficient supporting document to confirm the quantity and date of acquisition/capitalisation were not made available.

      ii. In respect of the base acquisition cost, considered for arriving at the fair value, which has been obtained from the cost data book internally maintained by the management, we have not been provided with sufficient and appropriate documents to substantiate the correctness and completeness of the values given in the cost data book.

      iii. The methodology adopted for valuing plant and machinery, in respect of which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.

   f) In respect of additions made to PPE during Financial Year 2019-20 and 2020-21, the Company has adopted the same fair valuation method adopted for the transition date i.e. 1st April 2019 instead of actual cost incurred in respect of such additions.

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g) The Company has capitalised contingencies (1%), labour and transport (15%), establishment and supervision (15%) and interest during construction (IDC) and other overheads (14.59% / 32.62%), to the base acquisition cost of each asset/component of asset except land and buildings. In addition, these percentages have been applied on cumulative basis in the sequence mentioned above on the base acquisition cost for arriving at the fair value as on 1st April, 2019 as well as additions made during Financial Year 2019-20 and 2020-21.

In respect of the above, the Company has not furnished any supporting document to substantiate these percentages as well as the manner of applying these percentages on cumulative basis.

h) Detailed list and computations in respect of Profit/Loss on sale of disposed assets have not been made available to us and consequently we are unable to ascertain the impact of such disposals on the statement of profit and loss for the year ended and PPE balances thereon.

In light of the above observations stated in para 1(a) to (g) we are unable to comment on the accuracy of the value of PPE and the consequential impact on the statement of profit and loss.

2. In respect of Capital Work in Progress (CWIP) balance as at 31st March 2021:

a) Several work orders have been completed as on 31st March 2021 and form part of CWIP balances in the books whereas such completed work orders have been considered as part of PPE at the time of transition to IND AS. Consequently, the CWIP balance in respect of these work orders may be overstated.

b) Scheme wise registers for CWIP are not being maintained.

c) Material cost included in CWIP is at standard rate and not at actual cost.

d) Revenue expenses pertaining to earlier years have been capitalized and included as part of CWIP balances.

e) Work order wise details in respect of CWIP balance as at 31st March 2021 has not been made available and therefore, we are unable to comment on. the completeness and accuracy of the same.

f) Reference is drawn to Note 4(a) of the financial statements pertaining to PPE balances where the movement of CWIP, both additions to CWIP and transfers/disposal during the year have not been adequately disclosed, In the absence of proper information and explanation from management, we are unable to confirm the correctness of the said disclosures.

3. The closing stock value of coal includes estimated figures of ocean freight component which is not in accordance with applicable Ind AS-2.

4. Complete details for value of capital spares have not been provided and therefore we are unable to comment on the correctness of value of capital spares given in the financial statement.

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5. The valuation of other inventories (other than coal) has been made on the basis of latest purchase order rate which is not in accordance with Ind AS-2.

6. The Company has not reconciled the differences between the value of security deposits as per separate billing software and books of accounts and consequent impact on such balances end statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.

7. The Company's books of account have not been reconciled with the reported values of Turnover/ Input Tax Credit availed under the GST Act, the quantum is not ascertainable as also the corresponding liability if any.

8. The collections from consumers through online payment gateways which are deposited into designated bank accounts have not been reconciled with books of account.

9. The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952. The Company has not invested the employee contributions to various terminal benefit funds, such as Family Benefit Funds, General Provident fund, Contributory Pension Scheme along with Company's matching contributions in an independent entity.

10. In the absence of documents and information substantiating the validation of employees and pensioners master data, we are unable to confirm the completeness and accuracy of such data provided to the actuary for valuing gratuity liability, pension liability, earned leave liability, leave on private affairs liability. Consequently, we are unable to confirm the accuracy of provision for employee benefits.

11. The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/Payroll software not matching with the books of accounts and in the absence of adequate information the amount of difference could not be quantified, and the accuracy of interest liability recognized in the financial statement of the Company could not be confirmed.

12. Borrowing cost capitalized for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the measurement principles contained in IND AS-23.

13. (a) Reference is drawn to Note 11 regarding unreconciled balance of Rs.135.32 Crores with TANTRANSCO as at the year end.

    (b) Reference is drawn to Note 13 regarding an amount of Rs.543.31 Crores shown under other current assets representing unreconciled inter-unit balances.

14. Reference is drawn to Note 9 regarding Trade Receivables which includes unreconciled receivables from HT & LT consumers. Consequently, we are unable to confirm the correctness of Trade Receivables balance.

15. The Company has not made available the list of vendors who are categorised as MSME and registered under MSMED Act, 2006. So, we are unable to ascertain whether the Company has complied with the provisions of MSMED Act to any of the transactions including

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settlement of dues within the time limits prescribed under that Act and also payment/provision of prescribed interest for delayed settlements.

16. Value of employee wise loans and advances given does not match with the balance available in the books of accounts of the Company.

17. Balance confirmation in respect of advance payments made to coal suppliers have not been provided.

18. Document approving the rebate on power purchase bills availed valuing Rs.28.69 Crores have not been provided.

19. Amount of Rs.294.93 Crores being part of trade receivables from Puducherry Electricity department which is not recoverable has not yet been written off.

20. The Company has not recognised the following liabilities in the accompanying financial statements:

    a) Impact of Frauds and Embezzlements detected in preceding years quantified at Rs.2.76 Crores.

    b) Interest claims of the parties for the delayed settlement of dues towards Power Purchases-- Surcharge Rs.3901.38 Crores.

    c) Water Cess payable to TN Pollution Control Board up to 31.03.2021, Rs.686.37 Crores.

    d) Lease rent payable to TN Forest department Rs.563.48 Crores.

    e) Lease rent payable to Port Rs.158.02 Crores.

    f) Liability for default in remittance and delayed remittance of Tax Deduction liabilities under the Income Tax Act, 1961 Rs.8.81 Crores.

    g) Grade slippage bills received amounting to Rs.14.05 Crores.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAS) specified under sec 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Emphasis of Matter

Reference is drawn to Note 65 regarding the management's view that there is no material uncertainty affecting the "Going Concern" assumption on account of the various factors stated in the said Note. Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701 are not applicable to the Company as it is an unlisted Company.

The Independent Auditors of the subsidiary company **TAMIL NADU TRANSMISSION CORPORATION LTD(TANTRANSCO).** have given a Qualified opinion and have stated as follows:

Basis for Qualified Opinion:

1. Attention is drawn to note 4(a) of the Financial Statements, where in the absence of adequate and appropriate records, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2021.

2. Attention is drawn to note 20 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its co-subsidiary company TANGEDCO and a difference of Rs.191.26 crores was identified and adjusted against its opening reserves. However, pending confirmation from the said party, we are unable to assess the appropriateness of the carrying value of Rs.128.10 crores in its trade receivables/payables as at 31st March 2021.

3. Attention is drawn to note 22 of the Financial Statements, where an amount of Rs.30.31 crores pertaining to Inter unit balances is grouped under other current liabilities. The Company has also identified certain old items pertaining to various balance sheet items, details of which are not readily available with the Company. The company is in the process of reconciling such old items for adjustment against the Inter unit balances. Pending reconciliation, we are unable to assess the appropriateness of the Inter unit balances and the corresponding impact on the Company's Capital work in progress and Trade payables as at the year ended 31st March 2021.

4. Attention is drawn to note 31 of the financial statements, where the Company has recognised an amount of Rs.7,280.07 crores, Rs.6,885.43 crores and Rs.5,682.14 crores 31st March 2021, 31st March, 2020 and 01st April, 2019 as liability based on an independent actuarial valuation. Since the Company has no employees on its own, based on its policy, the amount recognised by the Company represents 1/7th of the total employee cost incurred by TANTRANSCO. In the absence of adequate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/liability in its books.

5. Attention is drawn to note 39 and note 45 of the Financial Statements, where complete disclosures as required under Ind AS 24 - Related Party transactions and Ind AS 108 - Operating Segments has not been made by the Company.

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6. Attention is drawn to note 46 of the Financial Statements, where the company has acknowledged a liability of Rs.52.88 crores in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2021 and the corresponding impact on statutory liabilities as at 31st March, 2021.

7. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 'ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The other information comprises the information included in the Annual Report but does not include the consolidated Ind AS financial statements and our auditors' report thereon. The Holding Company's Board of Directors is responsible for other information.

Our opinion on the consolidated Ind AS financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act read with rule 7 of the companies (Accounts) Rules, 2014(as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statement that give a true and fair view and are free from material

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misstatement, whether due to fraud or error , which have been used for the purpose of preparation of these consolidated Ind AS financial statements by the Board of Directors of the holding company as aforesaid.

In preparing the financial statements, management is responsible for assessing the Company's ability to going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations , or has no realistic alternative to do so.

Those Board of Directors are also responsible for overseeing the company's financial statements.

Auditor's responsibilities for the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We believe that the audit evidence obtained by us, and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below, except for the matters included in the basis of opinion paragraph is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31st March 2021, and their consolidated Loss and their consolidated cash flow for the year ended on that date.

Consolidated

Other Matters

We did not audit the financial statement / financial information of two subsidiaries, whose financial statements / financial information reflect **total asset (including investments) of Rs. 1,79,283.90 Crores** as at 31st March 2021, **total revenue of Rs. 57,625.23 Crores and net cash outflows amounting to Rs. 1,659.01 Crores** for the year ended on that date, as considered in the financial statements. Those financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure including in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of section 143 of Act, insofar as it relates to aforesaid subsidiaries, is based solely on the reports of the other auditors.

We have not considered the financials of the following subsidiary / Associate Companies for consolidation, as the direct holding company of the below said subsidiaries viz. TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD has not consolidated the financials of the below said companies, in the preparation of its consolidated financial statements for the reasons mentioned below by the management.

Sl. No.	Name of the company	Relationship	Reasons for Non-consolidation of Accounts
1	Udangudi Power Corporation Limited (UPCL)	100% subsidiary of TANGEDCO	The process of merger of UPCL with TANGEDCO is with High Court of Chennai. The petition is filed with HC. Since there is no operations in UPCL and any expenses to be incurred related to UPCL are incurred only by TANGEDCO, the annual accounts of UPCL is not consolidated with TANGEDCO's Annual Accounts.

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2	NTPC Tamil Nadu Energy Company Ltd (NTECL)	50% share holding by TANGEDCO	Since Joint venture company NTECL is having their annual accounts under format of Companies Act, the same could not be consolidated with TANGEDCO Accounts, which is in the framework of Electricity (Supply) Annual Accounts Rules, 1985. Hence the consolidated financial statement of accounts of JV company are not prepared.
3	NLC Tamil Nadu Power Ltd (NTPL)	11% share holding by TANGEDCO	Since Joint venture company NTPL is having their annual accounts under format of Companies Act, the same could not be consolidated with TANGEDCO Accounts, which is in the framework of Electricity (Supply) Annual Accounts Rules, 1985. Hence the consolidated financial statement of accounts of JV company are not prepared.
4	Mandakini B Coal Corporation Limited	25% Share holding by TANGEDCO	There is no operations being carried out in this company and kept as Dormant company. Due to its Dormant status, the annual accounts of the company could not be consolidated.
5	Maha Tamil Collieries Limited	74% Share holding by TANGEDCO	There is no operations being carried out in this company consequent to the de-allocation of coal by the order of supreme court. The company has commenced the winding up process also. Due to its Dormant status, the annual accounts of the company could not be consolidated.
6.	Bengal Birbhum Coal Fields Ltd	8.1% Share holding by TANGEDCO	There is no operations being carried out in this company. Since this JV is proposed to be taken over by West Bengal Power Corporation Ltd, consequent to the re-allocation of coal Block, TANGEDCO's investment in JV company would be returned. Due to such scenario, the accounts of JV company was not consolidated.

Our opinion on the consolidated Ind AS financial statements, and our report on Other legal and Regulatory Requirement below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements.

1. The Companies (Auditors report) Order, 2016 ("The Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act 2013, is not applicable to the company as per Para 2 of the said order.

2. As required by section 143(3) of the Act, based on our audit and on consideration of Report of the other auditors on separate financial statements and the other financial information of subsidiaries as referred in "Other Matters" paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

   b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

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c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion the aforesaid consolidated Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors of the holding company as on 31st March 2021 taken on record by the board of directors of the holding company and the report of the statutory auditors of the subsidiary companies, none of the directors of the group companies, is disqualified as on 31st March 2021 from being appointed as director in term of section 164(2) of the Act.

f) With respect to the adequacy of Internal Financial controls over Financial Reporting and the operating effectiveness of such controls, refer to our Report in **Annexure "A"** which is based on the Auditor's reports of the company and its subsidiaries companies incorporated in India.

g) With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries, the holding company has not paid the managerial remuneration for the year ended 31st March 2021 and in case of subsidiary companies, the managerial remuneration for the year ended 31st March 2021 has been paid/provided by the subsidiaries is in accordance with the provisions of Section 197 read with Schedule V of the Act.

h) With respect to the other matter to be included in the auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated Ind AS financial statements have disclosed the impact of the pending litigations on its consolidated financial position of the group.

ii) The group has made provisions in its consolidated Ind AS financial statements for material foreseeable losses as required under applicable law or accounting standards.

iii) There were no amounts which were required to be transferred to the investor education and protection fund by the holding company, and its subsidiary companies.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085

Venkatesh Kamath S V
Partner
Membership N: 202626

Place: Chennai.
Date: 18-12-2024
UDIN: 25202626BMGYVY3014

Annexure –A to the Independent Auditors' Report

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. TNEB Ltd. (herein after referred to as the Holding Company) and its subsidiary companies, incorporated in India as at 31st March 2021 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of directors of the Holding Company and its subsidiary companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("The Guidance Notes"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on auditing prescribed under section 143(10) of the Act and the guidance note, to the extent applicable to an audit of internal financial controls over financial reporting and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of the reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

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transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Statutory Auditors of Subsidiary Company M/s TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD. have given the following Qualified opinion on the internal Financial Controls of the company.

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2021.

a) There is ineffective supervision over the Company's internal financial controls over financial reporting by those charged with governance.

b) The Company does not have internal audit system as required under Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, commensurate with the nature and size of its operations thereby impeding timely detection of errors, defects and frauds.

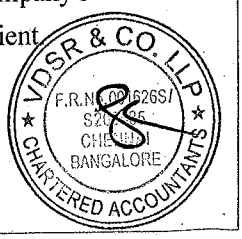
c) The Company needs to strengthen its internal control system including documentation process in respect of PPE for time of capitalization, cost capitalized and physical verification and consequent identification of losses, damages and impairments.

d) The Company does not have an adequate internal control system with regard to the reconciliation of quality and quantity of coal ordered and received.

e) The Company does not have any system to translate a transaction into an accounting entry to ensure the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.

f) The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group entities which is yet to be completed as on date.

g) Lack of integration of processes between various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's book-keeping results in human intervention for which the internal controls are deficient.



h) The Company's supervision and control over the online collections is deficient resulting in excess collections reported by banks.

i) There was no evaluation of internal financial controls and risk management systems by the Company as required by section 177(4) (vii) of the Companies Act, 2013. The process of implementing risk control matrix in various accounting entry to ensure that the accounting as well as financial reporting is operational activities of the Company is not in place which results in non-evaluation of adequacy of the internal control process.

j) There is no process of obtaining balance confirmation from Co-Generation units.

k) There is no system of obtaining balance confirmation from Creditors.

l) The Company does not have a system of reconciliation of party wise payable and receivable.

m) There are no controls to prevent or detect the omission or double time or wrong accounting of transactions in the books of accounts.

n) There are no controls operating to reconcile the inter unit transactions on real time basis.

Material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, based on review of the internal control over financial reporting criteria established by the company taking into consideration the essential components of internal control stated in the Guidance Note issued by the ICAI, and the cumulative effect the material weaknesses described above on the achievement of the objectives of the Control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at 31st March 2021. These material weaknesses have affected our opinion on the standalone financial statements of the Company, and we have issued a qualified opinion on the standalone financial statements.

The Statutory Auditors of Subsidiary Company M/s TAMIL NADU TRANSMISSION CORPORATION LTD. have given the following Qualified Opinion on the internal Financial Controls of the company.

Basis for Qualified Opinion:

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2021:

a. Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.

b. The Company does not have an internal audit system commensurate with the nature and size of its operations.

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c. The company's internal control system with regards to its Capital Work in Progress and Plant, Property and Equipment is deficient in areas of capitalization, physical verification and consequent impairments.

d. Lack of integrated process between various functions such as revenue invoicing, payroll processing and material accounting for which material internal controls weaknesses are identified.

e. Refer our note in Basis of Qualified Opinion Section, where timely inter-companies and inter-unit reconciliation process is not available.

f. Absence of a process to evaluate internal financial controls and risk management systems by the company as required by sec 177(4)(vii) of Companies Act, 2013.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

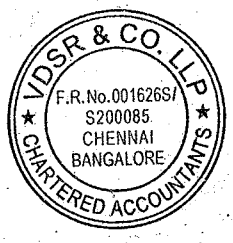
In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31 March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2021, and these material weaknesses have also affected our opinion on the financial statements of the Company, and we have issued an Qualified opinion.

Other Matters

Our aforesaid Report under section 143(3)(i) of the Act on the adequacy and operative effectiveness of the Internal Financial Controls over financial reporting in so far as it relates to two subsidiary companies, incorporated in India, is based on the corresponding Reports of the auditors of such companies incorporated in India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No: 202626

Place: Chennai.
Date: 18-12-2024
UDIN: 25202626BMGYVY3014

V D S R & Co. LLP
CHARTERED ACCOUNTANTS

Office:
No. 3A, 3rd Floor, Amber Crest Apartment,
No. 37, Pantheon Road, Egmore, Chennai - 600 008.
Tel : 044-2855 4447, 2855 4019
Mobile : 98404 12632
Email : vijay@vdsr.co.in
Web : www.vdsr.co.in

Branch:
70/5, 3rd Floor, Suvarna Towers,
Nagarbhavi Main Road,
CHBCS Layout, Vijayanagar 21st Cross,
Bangalore - 560 040.
Mobile: 98807 15962
Email : kamath@vdsr.co.in

Independent Auditors' Report on Consolidated Ind AS Financial Statements

To the Members of TNEB Limited

Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of **TNEB Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are together referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March 2021, the consolidated statement of Profit and Loss, the consolidated cash flow statement for the year then ended and the summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2021, their consolidated loss and their consolidated cash flows for the year ended on that date.

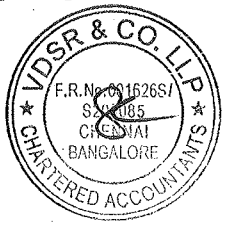
Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

1. As per Notification of Ministry of Corporate Affairs dated 16th February 2015, Ind AS has to be followed mandatorily by the Company with effect from the accounting period beginning 01st April 2016 based on Net Worth Criteria. The Company has complied with Ind AS and prepared financial statements complying with applicable Ind AS for the year ended 31st March 2021 and correspondingly reinstating 31st March 2020 and including Opening balance sheet as at 01st April 2019.



2. The Company has prepared the Consolidated financial statements in accordance with the Indian Accounting Standards (Ind AS 110). The Consolidated Financial Statements has not been prepared by the TANGEDCO ("subsidiary company") as it satisfies the criteria mentioned in the Ind AS 110:

   i. The Company is 100% Holding Company of TANGEDCO who in turn is a 100% holding company of UPCL.

   ii. As the company TANGEDCO neither trades its debts or equity instruments in a public market nor in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. Hence not prepared the consolidated financial statements between TANGEDCO and Udangudi Power Corporation Limited (UPCL).

   iii. The Company which is a ultimate holding company (TNEB Limited) has prepared the consolidated financial statements in accordance with the Ind AS consolidating financials of TANGEDCO and its 100% subsidiary(UPCL).

3. The financial statement of the Joint ventures and associate entities (Mandakini B Coal Corporation Limited, Maha Tamil Collieries Limited, NLC Tamil Nadu Power Limited) of the wholly owned subsidiary company (TANGEDCO) have been consolidated in the financial statements of the Company by giving effect of its operational results during the year in the Other comprehensive income.

4. In wholly owned subsidiary company's(TANGEDCO) financials for the year ended 31st March 2022, the wholly owned subsidiary company noticed that there were errors due to omission/misstatement in the audited financials of for the year ended 31st March, 2021, and the same was rectified through a correction in the year 31st March 2022, in stand-alone financials. Accordingly, in the consolidated financial statement of 31st March 2021, the corrected financials related to errors due to omissions/misstatements on 31st March 2022, are considered as the restated financial statement will prevail over original signed financial statement.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our report.

Other Matters

a) In the absences of confirmation of balances for the amount due from TANTRANSCO("subsidiary company") and amount due to TANGEDCO("subsidiary company") as on 31st March 2021, we are not in a position to certify the correctness or otherwise of these figures in the Statement of Profit and Loss Account and Balance Sheet respectively.

b) The building of TNEB is being used by TANGEDCO, for which the Company has not entered into any lease agreement and/or rental income, including sharing of common utility expenses, has not been shared in the period under audit. Resulting in non-compliance of matching principles and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.

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The Independent auditors of the Subsidiary company **TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD (TANGEDCO),** have provided Qualified Opinion on the Ind AS financial statement and have stated as follows:

Basis for Qualified Opinion:

1. In respect of the fair valuation exercise of Property, Plant and Equipment (PPE) carried out as on the date of transition to Ind AS i.e., 1st April 2019, based on the newly implemented detailed fixed assets register and given effect to in the financial statement for Financial Year 2020-21, we have observed the following:

   a) In general, with regard to quantity, date of capitalisation and the useful life of Property, Plant and Equipment as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above needs strengthening.

   b) Further, in the absence of sufficient supporting document we are unable to confirm whether physical, technical and economic obsolescence have been factored in the valuation of PPE.

   c) In respect of most of the immovable properties, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing immovable properties have not been made available. Further, documents provided for land area measurement are not matching with the measurement considered for the purpose of valuation. In the absence of adequate information, we are unable to quantify the impact of the above on the valuation of immovable properties in the nature of land.

   d) In respect of buildings, sufficient supporting documents to confirm the built-up area were not made available.

   e) In respect of Plant and Machinery, Lines, cable network,
      i. Sufficient supporting document to confirm the quantity and date of acquisition/capitalisation were not made available.

      ii. In respect of the base acquisition cost, considered for arriving at the fair value, which has been obtained from the cost data book internally maintained by the management, we have not been provided with sufficient and appropriate documents to substantiate the correctness and completeness of the values given in the cost data book.

      iii. The methodology adopted for valuing plant and machinery, in respect of which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.

   f) In respect of additions made to PPE during Financial Year 2019-20 and 2020-21, the Company has adopted the same fair valuation method adopted for the transition date i.e. 1st April 2019 instead of actual cost incurred in respect of such additions.

   g) The Company has capitalised contingencies (1%), labour and transport (15%), establishment and supervision (15%) and interest during construction (IDC) and other overheads (14.59% / 32.62%), to the base acquisition cost of each asset/component of asset except land and buildings. In addition, these percentages have been applied on cumulative basis in the sequence mentioned above on the base acquisition cost for

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arriving at the fair value as on 1st April, 2019 as well as additions made during Financial Year 2019-20 and 2020-21.

In respect of the above, the Company has not furnished any supporting document to substantiate these percentages as well as the manner of applying these percentages on cumulative basis.

h) Detailed list and computations in respect of Profit/Loss on sale of disposed assets have not been made available to us and consequently we are unable to ascertain the impact of such disposals on the statement of profit and loss for the year ended and PPE balances thereon.

In light of the above observations stated in para 1(a) to (g) we are unable to comment on the accuracy of the value of PPE and the consequential impact on the statement of profit and loss.

2. In respect of Capital Work in Progress (CWIP) balance as at 31st March 2021:

a) Several work orders have been completed as on 31st March 2021 and form part of CWIP balances in the books whereas such completed work orders have been considered as part of PPE at the time of transition to IND AS. Consequently, the CWIP balance in respect of these work orders may be overstated.

b) Scheme wise registers for CWIP are not being maintained.

c) Material cost included in CWIP is at standard rate and not at actual cost.

d) Revenue expenses pertaining to earlier years have been capitalized and included as part of CWIP balances.

e) Work order wise details in respect of CWIP balance as at 31st March 2021 has not been made available and therefore, we are unable to comment on the completeness and accuracy of the same.

f) Reference is drawn to Note 4(a) of the financial statements pertaining to PPE balances where the movement of CWIP, both additions to CWIP and transfers/disposal during the year have not been adequately disclosed, In the absence of proper information and explanation from management, we are unable to confirm the correctness of the said disclosures.

3. The closing stock value of coal includes estimated figures of ocean freight component which is not in accordance with applicable Ind AS-2.

4. Complete details for value of capital spares have not been provided and therefore we are unable to comment on the correctness of value of capital spares given in the financial statement.

5. The valuation of other inventories (other than coal) has been made on the basis of latest purchase order rate which is not in accordance with Ind AS-2.

6. The Company has not reconciled the differences between the value of security deposits as per separate billing software and books of accounts and consequent impact on such

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balances end statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.

7. The Company's books of account have not been reconciled with the reported values of Turnover/ Input Tax Credit availed under the GST Act, the quantum is not ascertainable as also the corresponding liability if any.

8. The collections from consumers through online payment gateways which are deposited into designated bank accounts have not been reconciled with books of account.

9. The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952. The Company has not invested the employee contributions to various terminal benefit funds, such as Family Benefit Funds, General Provident fund, Contributory Pension Scheme along with Company's matching contributions in an independent entity.

10. In the absence of documents and information substantiating the validation of employees and pensioners master data, we are unable to confirm the completeness and accuracy of such data provided to the actuary for valuing gratuity liability, pension liability, earned leave liability, leave on private affairs liability. Consequently, we are unable to confirm the accuracy of provision for employee benefits.

11. The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/Payroll software not matching with the books of accounts and in the absence of adequate information the amount of difference could not be quantified, and the accuracy of interest liability recognized in the financial statement of the Company could not be confirmed.

12. Borrowing cost capitalized for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the measurement principles contained in IND AS-23.

13. (a) Reference is drawn to Note 11 regarding unreconciled balance of Rs.135.32 Crores with TANTRANSCO as at the year end.

    (b) Reference is drawn to Note 13 regarding an amount of Rs.543.31 Crores shown under other current assets representing unreconciled inter-unit balances.

14. Reference is drawn to Note 9 regarding Trade Receivables which includes unreconciled receivables from HT & LT consumers. Consequently, we are unable to confirm the correctness of Trade Receivables balance.

15. The Company has not made available the list of vendors who are categorised as MSME and registered under MSMED Act, 2006. So, we are unable to ascertain whether the Company has complied with the provisions of MSMED Act to any of the transactions including settlement of dues within the time limits prescribed under that Act and also payment/provision of prescribed interest for delayed settlements.

16. Value of employee wise loans and advances given does not match with the balance available in the books of accounts of the Company.

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17. Balance confirmation in respect of advance payments made to coal suppliers have not been provided.

18. Document approving the rebate on power purchase bills availed valuing Rs.28.69 Crores have not been provided.

19. Amount of Rs.294.93 Crores being part of trade receivables from Puducherry Electricity department which is not recoverable has not yet been written off.

20. The Company has not recognised the following liabilities in the accompanying financial statements:

    a) Impact of Frauds and Embezzlements detected in preceding years quantified at Rs.2.76 Crores.

    b) Interest claims of the parties for the delayed settlement of dues towards Power Purchases--Surcharge Rs.3901.38 Crores.

    c) Water Cess payable to TN Pollution Control Board up to 31.03.2021, Rs.686.37 Crores.

    d) Lease rent payable to TN Forest department Rs.563.48 Crores.

    e) Lease rent payable to Port Rs.158.02 Crores.

    f) Liability for default in remittance and delayed remittance of Tax Deduction liabilities under the Income Tax Act, 1961 Rs.8.81 Crores.

    g) Grade slippage bills received amounting to Rs.14.05 Crores.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAS) specified under sec 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

Reference is drawn to Note 65 regarding the management's view that there is no material uncertainty affecting the "Going Concern" assumption on account of the various factors stated in the said Note. Our opinion is not modified in respect of the above matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701 are not applicable to the Company as it is an unlisted Company.

The Independent Auditors of the subsidiary company **TAMIL NADU TRANSMISSION CORPORATION LTD(TANTRANSCO).** have given a Qualified opinion and have stated as follows:

Basis for Qualified Opinion:

1. Attention is drawn to note 4(a) of the Financial Statements, where in the absence of adequate and appropriate records, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2021.

2. Attention is drawn to note 20 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its co-subsidiary company TANGEDCO and a difference of Rs.191.26 crores was identified and adjusted against its opening reserves. However, pending confirmation from the said party, we are unable to assess the appropriateness of the carrying value of Rs.128.10 crores in its trade receivables/payables as at 31st March 2021.

3. Attention is drawn to note 22 of the Financial Statements, where an amount of Rs.30.31 crores pertaining to Inter unit balances is grouped under other current liabilities. The Company has also identified certain old items pertaining to various balance sheet items, details of which are not readily available with the Company. The company is in the process of reconciling such old items for adjustment against the Inter unit balances. Pending reconciliation, we are unable to assess the appropriateness of the Inter unit balances and the corresponding impact on the Company's Capital work in progress and Trade payables as at the year ended 31st March 2021.

4. Attention is drawn to note 31 of the financial statements, where the Company has recognised an amount of Rs.7,280.07 crores, Rs.6,885.43 crores and Rs.5,682.14 crores 31st March 2021, 31st March, 2020 and 01st April, 2019 as liability based on an independent actuarial valuation. Since the Company has no employees on its own, based on its policy, the amount recognised by the Company represents 1/7th of the total employee cost incurred by TANTRANSCO. In the absence of adequate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/liability in its books.

5. Attention is drawn to note 39 and note 45 of the Financial Statements, where complete disclosures as required under Ind AS 24 - Related Party transactions and Ind AS 108 - Operating Segments has not been made by the Company.

6. Attention is drawn to note 46 of the Financial Statements, where the company has acknowledged a liability of Rs.52.88 crores in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended

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31st March 2021 and the corresponding impact on statutory liabilities as at 31st March, 2021.

7. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 'ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The other information comprises the information included in the Annual Report but does not include the consolidated Ind AS financial statements and our auditors' report thereon. The Holding Company's Board of Directors is responsible for other information.

Our opinion on the consolidated Ind AS financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act read with rule 7 of the companies (Accounts) Rules, 2014(as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error , which have been used for the purpose of preparation of these consolidated Ind AS financial statements by the Board of Directors of the holding company as aforesaid.

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In preparing the financial statements, management is responsible for assessing the Company's ability to going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations , or has no realistic alternative to do so.

Those Board of Directors are also responsible for overseeing the company's financial statements.

Auditor's responsibilities for the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

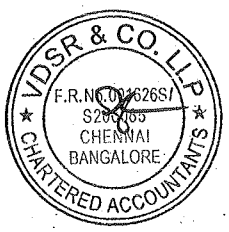
1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We believe that the audit evidence obtained by us, and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below, except for the matters included in the basis of opinion paragraph is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31st March 2021, and their consolidated Loss and their consolidated cash flow for the year ended on that date.

Consolidated

Other Matters

We did not audit the financial statement / financial information of two subsidiaries, whose financial statements / financial information reflect **total asset (including investments) of Rs. 1,79,283.90 Crores** as at 31st March 2021, **total revenue of Rs. 57,625.23 Crores and net cash outflows amounting to Rs. 1,659.01 Crores** for the year ended on that date, as considered in the financial statements. Those financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure including in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of section 143 of Act, insofar as it relates to aforesaid subsidiaries, is based solely on the reports of the other auditors.

We have not considered the financials of the following subsidiary / Associate Companies for consolidation, as the direct holding company of the below said subsidiaries viz. TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD has not consolidated the financials of the below said companies, in the preparation of its consolidated financial statements for the reasons mentioned below by the management.

Sl. No.	Name of the company	Relationship	Reasons for Non-consolidation of Accounts
1	Udangudi Power Corporation Limited (UPCL)	100% subsidiary of TANGEDCO	The process of merger of UPCL with TANGEDCO is with High Court of Chennai. The petition is filed with HC. Since there is no operations in UPCL and any expenses to be incurred related to UPCL are incurred only by TANGEDCO, the annual accounts of UPCL is not consolidated with TANGEDCO's Annual Accounts.

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2	NTPC Tamil Nadu Energy Company Ltd (NTECL)	50% share holding by TANGEDCO	Since Joint venture company NTECL is having their annual accounts under format of Companies Act, the same could not be consolidated with TANGEDCO Accounts, which is in the framework of Electricity (Supply) Annual Accounts Rules, 1985. Hence the consolidated financial statement of accounts of JV company are not prepared.
3	NLC Tamil Nadu Power Ltd (NTPL)	11% share holding by TANGEDCO	Since Joint venture company NTPL is having their annual accounts under format of Companies Act, the same could not be consolidated with TANGEDCO Accounts, which is in the framework of Electricity (Supply) Annual Accounts Rules, 1985. Hence the consolidated financial statement of accounts of JV company are not prepared.
4	Mandakini B Coal Corporation Limited	25% Share holding by TANGEDCO	There is no operations being carried out in this company and kept as Dormant company. Due to its Dormant status, the annual accounts of the company could not be consolidated.
5	Maha Tamil Collieries Limited	74% Share holding by TANGEDCO	There is no operations being carried out in this company consequent to the de-allocation of coal by the order of supreme court. The company has commenced the winding up process also. Due to its Dormant status, the annual accounts of the company could not be consolidated.

Our opinion on the consolidated Ind AS financial statements, and our report on Other legal and Regulatory Requirement below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements.

1. The Companies (Auditors report) Order, 2016 ("The Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act 2013, is not applicable to the company as per Para 2 of the said order.

2. As required by section 143(3) of the Act, based on our audit and on consideration of Report of the other auditors on separate financial statements and the other financial information of subsidiaries as referred in "Other Matters" paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

   b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the

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relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion the aforesaid consolidated Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors of the holding company as on 31st March 2021 taken on record by the board of directors of the holding company and the report of the statutory auditors of the subsidiary companies, none of the directors of the group companies, is disqualified as on 31st March 2021 from being appointed as director in term of section 164(2) of the Act.

f) With respect to the adequacy of Internal Financial controls over Financial Reporting and the operating effectiveness of such controls, refer to our Report in **Annexure "A"** which is based on the Auditor's reports of the company and its subsidiaries companies incorporated in India.

g) With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries, the holding company has not paid the managerial remuneration for the year ended 31st March 2021 and in case of subsidiary companies, the managerial remuneration for the year ended 31st March 2021 has been paid/provided by the subsidiaries is in accordance with the provisions of Section 197 read with Schedule V of the Act.

h) With respect to the other matter to be included in the auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated Ind AS financial statements have disclosed the impact of the pending litigations on its consolidated financial position of the group.

ii) The group has made provisions in its consolidated Ind AS financial statements for material foreseeable losses as required under applicable law or accounting standards.

iii) There were no amounts which were required to be transferred to the investor education and protection fund by the holding company, and its subsidiary companies.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085

Venkatesh Kamath S V
Partner
Membership No : 202626

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Place : Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZHA7306

Annexure –A to the Independent Auditors' Report

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. TNEB Ltd. (herein after referred to as the Holding Company) and its subsidiary companies, incorporated in India as at 31st March 2021 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of directors of the Holding Company and its subsidiary companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("The Guidance Notes"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on auditing prescribed under section 143(10) of the Act and the guidance note, to the extent applicable to an audit of internal financial controls over financial reporting and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of the reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

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transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Statutory Auditors of Subsidiary Company M/s TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD. have given the following Qualified opinion on the internal Financial Controls of the company.

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2021.

a) There is ineffective supervision over the Company's internal financial controls over financial reporting by those charged with governance.

b) The Company does not have internal audit system as required under Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, commensurate with the nature and size of its operations thereby impeding timely detection of errors, defects and frauds.

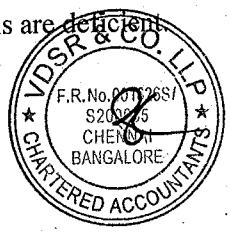
c) The Company needs to strengthen its internal control system including documentation process in respect of PPE for time of capitalization, cost capitalized and physical verification and consequent identification of losses, damages and impairments.

d) The Company does not have an adequate internal control system with regard to the reconciliation of quality and quantity of coal ordered and received.

e) The Company does not have any system to translate a transaction into an accounting entry to ensure the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.

f) The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group entities which is yet to be completed as on date.

g) Lack of integration of processes between various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's book-keeping results in human intervention for which the internal controls are deficient.



h) The Company's supervision and control over the online collections is deficient resulting in excess collections reported by banks.

i) There was no evaluation of internal financial controls and risk management systems by the Company as required by section 177(4) (vii) of the Companies Act, 2013. The process of implementing risk control matrix in various accounting entry to ensure that the accounting as well as financial reporting is operational activities of the Company is not in place which results in non-evaluation of adequacy of the internal control process.

j) There is no process of obtaining balance confirmation from Co-Generation units.

k) There is no system of obtaining balance confirmation from Creditors.

l) The Company does not have a system of reconciliation of party wise payable and receivable.

m) There are no controls to prevent or detect the omission or double time or wrong accounting of transactions in the books of accounts.

n) There are no controls operating to reconcile the inter unit transactions on real time basis.

Material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, based on review of the internal control over financial reporting criteria established by the company taking into consideration the essential components of internal control stated in the Guidance Note issued by the ICAI, and the cumulative effect the material weaknesses described above on the achievement of the objectives of the Control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at 31st March 2021. These material weaknesses have affected our opinion on the standalone financial statements of the Company, and we have issued a qualified opinion on the standalone financial statements.

The Statutory Auditors of Subsidiary Company M/s TAMIL NADU TRANSMISSION CORPORATION LTD. have given the following Qualified Opinion on the internal Financial Controls of the company.

Basis for Qualified Opinion:

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2021:

a. Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.

b. The Company does not have an internal audit system commensurate with the nature and size of its operations.

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c. The company's internal control system with regards to its Capital Work in Progress and Plant, Property and Equipment is deficient in areas of capitalization, physical verification and consequent impairments.

d. Lack of integrated process between various functions such as revenue invoicing, payroll processing and material accounting for which material internal controls weaknesses are identified.

e. Refer our note in Basis of Qualified Opinion Section, where timely inter-companies and inter-unit reconciliation process is not available.

f. Absence of a process to evaluate internal financial controls and risk management systems by the company as required by sec 177(4)(vii) of Companies Act, 2013.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31 March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2021, and these material weaknesses have also affected our opinion on the financial statements of the Company, and we have issued an Qualified opinion.

Other Matters

Our aforesaid Report under section 143(3)(i) of the Act on the adequacy and operative effectiveness of the Internal Financial Controls over financial reporting in so far as it relates to two subsidiary companies, incorporated in India, is based on the corresponding Reports of the auditors of such companies incorporated in India.

For V D S R & Co., LLP
Chartered Accountants
F.R.No:001626S/S200085



Venkatesh Kamath S V
Partner
Membership No : 202626

Place: Chennai.
Date : 07/04/2025
UDIN: 25202626BMGZHA7306

MANAGEMENT REPLY OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR OF TNEB LIMITED ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR 2020-21

Reply to Observations of Independent Auditor of Holding Company TNEB Ltd

Sl. No.	Observation of Statutory Auditors	Management's Reply
Other matters (a)	In the absences of confirmation of balances for the amount due from TANTRANSCO and amount due to TANGEDCO as on 31st March, 2021, we are not in a position to certify the correctness or otherwise of these figures In the Statement of Profit and Loss Account and Balance Sheet respectively.	The reconciliation of the receivable and payable with TANGEDCO and TANTRANSCO is yet be finalised.
(b)	The building of TNEB is being used by TANGEDCO, for which the company has not entered into any lease agreement and rental income from such transaction has not been booked in the period under audit. Resulting in non-compliance of matching concept and has the effect of suppression of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.	Since the entire expenses of Holding company is shared between TANGEDCO & TANTRANSCO being subsidiary companies, no income is recognised separately for TNEB Limited.
1.	In respect of the fair valuation exercise of Property, Plant and Equipment (PPE) carried out as on the date of transition to Ind AS i.e., 1st April 2019, based on the newly implemented detailed fixed assets register and given effect to in the financial statement for Financial Year 2020-21, we have observed the following:	
	a) In general, with regard to quantity, date of capitalisation and the useful life of Property, Plant and Equipment as certified by the management, the maintenance of sufficient supporting documents to	The Fixed Asset Register has been newly created throughout TANGEDCO for the Asset category Land, Building, Other civil work, Plant & Machinery, Lines & cables duly supported

Sl. No.	Observation of Statutory Auditors	Management's Reply
	corroborate the details as stated above needs strengthening.	with documents available with the management. Effective measures will be taken to strengthen the documentation for the Fixed Assets created in TANGEDCO.
	b) Further, in the absence of sufficient supporting document we are unable to confirm whether physical, technical and economic obsolescence have been factored in the valuation of PPE.	In the valuation of Fixed Asset, the nature of Asset purpose, location, remaining useful life as certified by the field Engineers were appropriately taken into account and factored. Since TANGEDCO is generating and distributing the power through the distribution net work, the existence of all fixed asset is essential and thus, the physical, technical and economical obsoleses does not arise.
	c)In respect of most of the immovable properties, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing immovable properties have not been made available. Further, documents provided for land area measurement are not matching with the measurement considered for the purpose of valuation. In the absence of adequate information, we are unable to quantify the impact of the above on the valuation of immovable properties in the nature of land.	Since TANGEDCO has been functioning from 01.07.1957 by transfer from GoTN, Department, Board into Government company, the tittle deeds of the lands are either in the name of GoTN, Government department, poramboke, TNEB etc., but the possession of lands are with TANGEDCO. The land area occupied by the TANGEDCO wherever differ from the supporting documents available such as patta, transfer certificate, sale agreement etc., due to various reasons, measures are being arranged to be taken to regularize the title deed to be registered in the name of TANGEDCO.
	d)In respect of buildings, sufficient supporting documents to confirm the built-up area were not made available.	Most of the building in TANGEDCO were built in the past years. However, while creating the Fixed Asset Register the same has been certified by the field Engineers.

Sl. No.	Observation of Statutory Auditors	Management's Reply
	e)In respect of Plant and Machinery, Lines, cable network, i. Sufficient supporting document to confirm the quantity and date of acquisition/capitalisation were not made available.	The quantity and date of acquisition for all Plant and Machinery, Lines and cables net work, the field engineers certificate is taken as basis.
	ii. In respect of the base acquisition cost, considered for arriving at the fair value, which has been obtained from the cost data book internally maintained by the management, we have not been provided with sufficient and appropriate documents to substantiate the correctness and completeness of the values given in the cost data book.	The cost data book is approved by the board of TANGEDCO every year, based on the purchase orders issued in the previous year. The details of purchase orders material wise were compiled and considered which appearing as the cost data for the materials utilized in creation of Plant and Machinery and lines & cables.
	The methodology adopted for valuing plant and machinery, in respect of which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.	While valuing the Plant and Machinery for which no cost data is available, the bench marking valuation methodology based on industrial norms has been adopted.
	f)In respect of additions made to PPE during Financial Year 2019-20 and 2020-21, the Company has adopted the same fair valuation method adopted for the transition date i.e. 1st April 2019 instead of actual cost incurred in respect of such additions.	Since the company has accounted the addition/deletion in the Asset account heads in a combined manner instead of asset component wise, the actual cost incurred for each Asset components could not be ascertained and cost data as approved by the board has been taken as base and arrived the acquisition cost for the assets added during 2019-20 and 2020-21.
	g)The Company has capitalised contingencies (1%), labour and transport (15%), establishment and supervision (15%) and interest during construction (IDC) and other overheads (14.59% / 32.62%), to	While carrying out the Fair valuation exercise the company has adopted the material cost, labour and transport cost establishment and supervision charges, IDC and other over

Sl. No.	Observation of Statutory Auditors	Management's Reply
	the base acquisition cost of each asset/component of asset except land and buildings. In addition, these percentages have been applied on cumulative basis in the sequence mentioned above on the base acquisition cost for arriving at the fair value as on 1st April, 2019 as well as additions made during Financial Year 2019-20 and 2020-21. In respect of the above, the Company has not furnished any supporting document to substantiate these percentages as well as the manner of applying these percentages on cumulative basis.	heads based on the construction period on average basis for Generation Assets, Distribution Asset etc., These additional percentage adopted on a cumulative basis is conventionally adopted by the management.
	h)Detailed list and computations in respect of Profit/Loss on sale of disposed assets have not been made available to us and consequently we are unable to ascertain the impact of such disposals on the statement of profit and loss for the year ended and PPE balances thereon. In light of the above observations stated in para 1(a) to (g) we are unable to comment on the accuracy of the value of PPE and the consequential impact on the statement of profit and loss.	The sales of disposed assets are being taken up on lot basis as scrap and the excess or short over the book value was accounted as profit or loss in the year in which disposed off.
2.	In respect of Capital Work in Progress (CWIP) balance as at 31st March 2021:	
	a)Several work orders have been completed as on 31st March 2021 and form part of CWIP balances in the books whereas such completed work orders have been considered as part of PPE at the time of transition to IND AS. Consequently, the CWIP balance in respect of these work orders may be overstated.	The work orders which are completed, but available as work in progress will be reviewed and dealt with appropriately.

Sl. No.	Observation of Statutory Auditors	Management's Reply
	b)Scheme wise registers for CWIP are not being maintained.	Efforts will be taken up for scheme wise Registers for capital work orders in each circles.
	c)Material cost included in CWIP is at standard rate and not at actual cost.	The capital work in progress related to generation projects are accounted on actual cost basis, which is forming majority of CWIP balances. Only the capital work orders operated in the distribution circles this standard rate (as per the cost data approved by the management) is adopted as conventional methodology
	d)Revenue expenses pertaining to earlier years have been capitalized and included as part of CWIP balances.	The CWIP balance consists of material cost as well as over heads allocation and IDC which would be settled on the completion of relevant fixed asset
	e)Work order wise details in respect of CWIP balance as at 31st March 2021 has not been made available and therefore, we are unable to comment on. the completeness and accuracy of the same.	The analysis of CWIP balances has to be carried out in the circles, and the work order wise details need to be arrived. Steps will be taken up in reconciling the CWIP balance.
	f)Reference is drawn to Note 4(a) of the financial statements pertaining to PPE balances where the movement of CWIP, both additions to CWIP and transfers/disposal during the year have not been adequately disclosed, In the absence of proper information and explanation from management, we are unable to confirm the correctness of the said disclosures.	In the note 4(a) the net additions to CWIP has been disclosed as per the financials. In the absence of work order details for the CWIP balance, the actual addition and transfer to fixed asset could not be disclosed in the note 4 (a).
3.	The closing stock value of coal includes estimated figures of ocean freight component which is not in accordance with applicable Ind AS-2.	Since the actual bills of ocean freight claimed by company belatedly, quarterly weighted average rate of coal is arrived based on estimated contracted quantity of coal transported. However, the actual ocean

Sl. No.	Observation of Statutory Auditors	Management's Reply
		freight and estimated rate are varying within meagre range of 2% to 3% and in the overall coal rate it is much more meagre.
4.	Complete details for value of capital spares have not been provided and therefore we are unable to comment on the correctness of value of capital spares given in the financial statement.	The Capital spares In the generating stations are considered at book value.
5.	The valuation of other inventories (other than coal) has been made on the basis of latest purchase order rate which is not in accordance with Ind AS-2.	The valuation of closing stock of materials is based on the latest purchase orders issued to lowest quoting suppliers. As such, the purchase rate is lesser than market price.
6.	The Company has not reconciled the differences between the value of security deposits as per separate billing software and books of accounts and consequent impact on such balances end statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.	Efforts are being taken to reconcile the differences between Billing software and Records on consumers which will be sorted out in 2021-22. However, provision of interest got rectified as and when actual interest liability arrived, as prior period items, in subsequent years.
7.	The Company's books of account have not been reconciled with the reported values of Turnover/ Input Tax Credit availed under the GST Act, the quantum is not ascertainable as also the corresponding liability if any.	The Turnover as per books of Accounts will be matched with Turnover as per GST returns only after completion of GST audit for the FY 2020-21. But the liability of GST are being remitted in full based on reports compiled from circles, duly filing GSTR 3B.
8.	The collections from consumers through online payment gateways which are deposited into designated bank accounts have not been reconciled with books of account.	Amidst huge volume of online collection transactions, mismatch of collections details between 45 modes of collections and company Books are under meticulous follow-up with respective bankers which is under reconciliation process.
9.	The Company does not comply with Provident Fund and Miscellaneous	Valuation consultants for assessing Pension / Gratuity

Sl. No.	Observation of Statutory Auditors	Management's Reply
	Provisions Act, 1952. The Company has not invested the employee contributions to various terminal benefit funds, such as Family Benefit Funds, General Provident fund, Contributory Pension Scheme along with Company's matching contributions in an independent entity.	liability which will be dealt with in accounts of FY 2021-22.
10.	In the absence of documents and information substantiating the validation of employees and pensioners master data, we are unable to confirm the completeness and accuracy of such data provided to the actuary for valuing gratuity liability, pension liability, earned leave liability, leave on private affairs liability. Consequently, we are unable to confirm the accuracy of provision for employee benefits.	The company has created employees liability based on actuarial valuation report for the 1st time. The employees and Pensions master data as available and certified by management have been compiled and submitted to the actuarial consultant
11.	The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/Payroll software not matching with the books of accounts and in the absence of adequate information the amount of difference could not be quantified, and the accuracy of interest liability recognized in the financial statement of the Company could not be confirmed.	Efforts are being taken to reconcile the differences between Billing software and Records on employees GPF / CPS broad sheet, which will be sorted out in 2021-22, through ERP. However, provision of interest got rectified as and when actual interest liability arrived, as prior period items, in subsequent years.
12.	Borrowing cost capitalized for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the measurement principles contained in IND AS-23.	The borrowing cost for addition made to PPE during 2019-2020,2020-2021 is made based on weighted average rate of the borrowings of TANGEDCO.
13.	(a) Reference is drawn to Note 11 regarding unreconciled balance of Rs.135.32 Crores with TANTRANSCO as at the year end.	Steps are being taken to reconcile Inter company balances with TANTRANSCO.
	(b) Reference is drawn to Note 13 regarding an amount of Rs.543.31	The process of reconciliation is consistently carried out by all

Sl. No.	Observation of Statutory Auditors	Management's Reply
	Crores shown under other current assets representing unreconciled inter-unit balances.	the account rendering units, by which the differences are being further narrowed down.
14.	Reference is drawn to Note 9 regarding Trade Receivables which includes unreconciled receivables from HT & LT consumers. Consequently, we are unable to confirm the correctness of Trade Receivables balance.	Efforts will be taken to reconciled the un reconciled receivables from HT & LT consumers.
15.	The Company has not made available the list of vendors who are categorised as MSME and registered under MSMED Act, 2006. So, we are unable to ascertain whether the Company has complied with the provisions of MSMED Act to any of the transactions including settlement of dues within the time limits prescribed under that Act and also payment/provision of prescribed interest for delayed settlements.	The data on suppliers as required under MSME Act would be complied while implementation of ERP in 2021-22.
16.	Value of employee wise loans and advances given does not match with the balance available in the books of accounts of the Company.	Reconciliation would be done and uploaded into ERP and sorted out in FY 2021-22.
17.	Balance confirmation in respect of advance payments made to coal suppliers have not been provided.	In view of huge volume of transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with in FY 2021-22.
18.	Document approving the rebate on power purchase bills availed valuing Rs.28.69 Crores have not been provided.	The LPSC payable to the Generator has been worked out after considering the COVID-19 Rebate, on reconciliation with the generators the ineligible rebate claimed if any would be refunded.
19.	Amount of Rs.294.93 Crores being part of trade receivables from Puducherry Electricity department which is not recoverable has not yet been written off.	As per the Hon'ble madras High Court order supply of power to Puducherry Electricity Department is not a HT Service. The management decided not to file any appeal against this order. Hence the demand to the tune of Rs.294.93 crores

Sl. No.	Observation of Statutory Auditors	Management's Reply
		towards Low power factor charges will be written off during 2021-22.
20.	The Company has not recognised the following liabilities in the accompanying financial statements:	
	a)Impact of Frauds and Embezzlements detected in preceding years quantified at Rs.2.76 Crores.	As a company policy, the recovery of dues towards embazzlements / thefts are fixed with the concerned staff in charge and civil / criminal proceedings are being taken to recover the loss, if any and duly disclosed in notes. Appropriate civil / criminal case is pending against the concerned staff.
	b)Interest claims of the parties for the delayed settlement of dues towards Power Purchases--Surcharge Rs.3901.38 Crores.	As per the policy of the Corporation, the Late Payment Surcharges (LPSC) for the delayed payment will be provided as Contingent liability, since the dues were subject to reconciliation. Whenever the LPSC is finalized with the company, the same will be accounted in the respective financial year. Accordingly, the LPSC to the tune of Rs.2426.95 Crores upto 31.3.2021 to the Power generators has been paid during the FY 2021-22 and accounted. The liability on LPSC remaining unreconciled to the tune of Rs.1627.26 Crores has been disclosed as contingent liability.
	c)Water Cess payable to TN Pollution Control Board up to 31.03.2021, Rs.686.37 Crores.	Proposal seeking exemption from water Cess payable to TN Pollution Control is under active consideration with Govt.
	d)Lease rent payable to TN Forest department Rs.563.48 Crores.	Negotiation is being conducted to reassess the quantum of arrears of lease rent, with Forest Department / GOTN.

Sl. No.	Observation of Statutory Auditors	Management's Reply
	e)Lease rent payable to Port Rs.158.02 Crores.	Negotiation is being conducted to reassess the quantum of dues to port authorities.
	f)Liability for default in remittance and delayed remittance of Tax Deduction liabilities under the Income Tax Act, 1961 Rs.8.81 Crores.	TDS defaults in several TANs maintained by circles are being rectified through special drive and gradually reduced. Admissible liabilities are settled by remittance by circles and accounted accordingly.
	g)Grade slippage bills received amounting to Rs.14.05 Crores.	On reconciliation with the Coal suppliers this will be sorted out.

	corresponding impact on the Company's Capital work in progress and Trade payables as at the year ended 31st March 2021.	
4.	Attention is drawn to note 31 of the financial statements, where the Company has recognized an amount of Rs.7,280.07 crores, Rs.6,885.43 crores and Rs.5,682.14 crores 31st March 2021, 31st March, 2020 and 01st April, 2019 as liability based on an independent actuarial valuation. Since the Company has no employees on its own, based on its policy, the amount recognized by the Company represents 1/7th of the total employee cost incurred by TANTRANSCO. In the absence of adequate evidence, we are unable to validate the appropriateness of the amount recognized as employee cost/liability in its books.	TANTRANSCO has recorded all the reconciliation entries to ensure correctness of its books of accounts. The details have been shared with TANGEDCO and awaiting confirmation for the same.
5.	Attention is drawn to note 39 and note 45 of the Financial Statements, where complete disclosures as required under Ind AS 24 - Related Party transactions	Details of Operating segment as required will be arranged to be made available in the financials of FY 2021-22.
	and Ind AS 108 - Operating Segments has not been made by the Company.	Details of Related Party transactions is expected to be arranged from the Secretarial wing during the next FY 2021-22.
6.	Attention is drawn to note 46 of the Financial Statements, where the company has acknowledged a liability of Rs.52.88 crores in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2021 and the corresponding impact on statutory liabilities as at 31st March, 2021.	Factual. The details of the sum mentioned in GSTR 9C is being analyzed and appropriate action will be taken in due course. Further, for the FY 2020-21, GST Audit is under progress.
7.	We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our	Factual

Reply to Observations of Independent Auditor of Subsidiary Company TANTRANSCO

Sl. No.	Observations of Statutory Auditors	Management Reply
1.	Attention is drawn to note 4(a) of the Financial Statements, where in the absence of adequate and appropriate records, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2021.	The scheme wise registers for CWIP are being maintained by the Company. The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, M/s. KPMG Assurances and Consulting Services LLP, which is expected to be completed in the FY 2021-22
2.	Attention is drawn to note 20 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its co-subsidiary company TANGEDCO and a difference of Rs.191.26 crores was identified and adjusted against its opening reserves. However, pending confirmation from the said party, we are unable to assess the appropriateness of the carrying value of Rs.128.10 crores in its trade receivables/payables as at 31st March 2021.	TANTRANSCO has recorded all the reconciliation entries to ensure correctness o its books of accounts. The details have been shared with TANGEDCO and awaiting confirmation for the same.
3.	Attention is drawn to note 22 of the Financial Statements, where an amount of Rs.30.31 crores pertaining to Inter unit balances is grouped under other current liabilities. The Company has also identified certain old items pertaining to various balance sheet items, details of which are not readily available with the Company. The company is in the process of reconciling such old items for adjustment against the Inter unit balances. Pending reconciliation, we are unable to assess the appropriateness of the Inter unit balances and the	The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, N/s.KPNIG Assurances and Consulting Services LLP. The remaining unreconciled balance of Rs. 30.31 crores is expected to be completed in the FY 2021-22.

	responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 'ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.	

Reply to Observations of Independent Auditor of Subsidiary Company TANGEDCO

Sl. No.	Observations of Statutory Auditors	Management Reply
A	There is ineffective supervision over the Company's internal financial controls over financial reporting by those charged with governance.	Effective measures were taking to strengthen the internal financial control through implementation of SAP ERP for accounting process.
B	The Company does not have internal audit system as required under Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, commensurate with the nature and size of its operations thereby impeding timely detection of errors, defects and frauds.	Effective measures will be taken for strengthen the internal control system.
C		Fixed assets registers was created and uploaded in SAP ERP for FY 2020-21 for first time under IND AS.

		Modalities for fixed assets physical verification is being arrived in the company. However, effective control is in force against any loss, damage, or misappropriation, to safeguard assets of the company. All the title deeds of lands procured by TANGEDCO are intact and furnished to Audit. In case of lands possessed by TANGEDCO from the formation of Electricity Board through transfers from Government, documentary trails will be created with support of Government.
D	The Company does not have an adequate internal control system with regard to the reconciliation of quality and quantity of coal ordered and received.	Effective will be taken to the reconciliation of quality and quantity of coal ordered and received.
E	The Company does not have any system to translate a transaction into an accounting entry to ensure the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.	Under ERP regime, the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles will be ensured.
F	The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group entities which is yet to be completed as on date.	The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group which are under reconciliation
G	Lack of integration of processes between various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's book-keeping results in human	Efforts will be taken to integrate the processes.

	intervention for which the internal controls are deficient.	
H	The Company's supervision and control over the online collections is deficient resulting in excess collections reported by banks.	Amidst huge volume of online collection transactions, mismatch of collections details between 45 modes of collections and company Books are under meticulous follow-up with respective bankers which is under reconciliation process.
I	There was no evaluation of internal financial controls and risk management systems by the Company as required by section 177(4) (vii) of the Companies Act, 2013. The process of implementing risk control matrix in various accounting entry to ensure that the accounting as well as financial reporting is operational activities of the Company is not in place which results in non-evaluation of adequacy of the internal control process.	The evaluation of Internal Financial Controls will be taken up and ensured in the regular operational activities.
J	There is no process of obtaining balance confirmation from Co-Generation units.	In view of huge volume of transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with in future
K	There is no system of obtaining balance confirmation from Creditors.	In view of huge volume of transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with in future.
L	The Company does not have a system of reconciliation of party wise payable and receivable.	Efforts will be taken to reconcile the party wise payable and receivable.
M	There are no controls to prevent or detect the omission or double time or wrong accounting of transactions in the books of accounts.	In ERP, wrong accounting of transactions would be prevented.
N	There are no controls operating to reconcile the inter unit transactions on real time basis.	The process of reconciliation is

		consistently carried out by all the account rendering units, by which the differences are being further narrowed down, will be completely reconciled under ERP regime.

Reply to Observations of Independent Auditor of Subsidiary Company TANTRANSCO

Sl. No.	Observations of Statutory Auditors	Management Reply
A	Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.	The financial control framework have been well defined and documented There are accounting and other manuals, proper delegation of power based on which the entire control framework including financial control frame work is regulated. The company is in the process of arranging to further strengthen its internal control for financial reporting.
B	The Company does not have an internal audit system commensurate with the nature and size of its operations.	There is an Internal Audit Department functioning under the control of Senior Deputy Chief Internal Audit Officer to conduct internal audit and to check other internal controls over the system. However, necessary action will be arranged to be initiated to comply with the provision stated in the Companies Act 2013.

C	The company's internal control system with regards to its Capital Work in Progress and Plant, Property and Equipment is deficient in areas of capitalization, physical verification and consequent impairments.	There are well defined accounting manuals regarding capitalization of Property Plant and Equipment etc. However steps are being taken to strengthening the same. In the current FY 2020-21 Fixed Asset Register has been updated and now available. Further, on implementation of ERP will strengthen the existing Controls
D	Lack of integrated process between various functions such as revenue invoicing, payroll processing and material accounting for which material internal controls weaknesses are identified.	Various process of ERP is being implemented during 2021-22. and the integration between various functions are expected to be achieved.
E	Refer our note in Basis of Qualified Opinion Section, where timely inter-companies and inter-unit reconciliation process is not available.	(1).TANTRANSCO has recorded all the reconciliation entries to ensure correctness of its books of accounts. The details have been shared with TANGEDCO and awaiting confirmation for the same. (2). The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, M/s. KPMG Assurances and Consulting Services LLP. The remaining unreconciled balance of Rs. 30.31 crores is expected to be completed in the FY 2021-22.
F	Absence of a process to evaluate internal financial controls and risk management systems by the company as required by section 177(4)(vii) of the Companies Act,	The company is in the process of further strengthening the internal controls to ensure still better financial reporting

	2013. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the contro criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.	

TNEB LIMITED
Consolidated Balance Sheet as at 31 March 2021

(in INR crores)

Particulars	Note	31 March 2021	31 March 2020	1 April 2019
ASSETS				
Non-current assets				
Property, plant and equipment	4(a)	91,974.63	94,203.75	93,728.80
Capital work-in-progress	4(a)	47,773.29	38,172.09	28,483.75
Investment property	4(b)	71.72	71.72	58.27
Other intangible assets	4(c)	284.33	243.14	205.84
Intangible assets under developme	4(c)	49.78	0.53	-
Financial assets				
(i) Investments accounted for using equity method	5	2,015.58	1,860.99	1,670.21
(ii) Other financial assets	6	2,331.06	2,268.40	1,728.07
Other non-current assets	7	314.26	819.88	116.00
Total non-current assets		**1,44,814.65**	**1,37,640.50**	**1,25,990.94**
Current assets				
Inventories	8	2,173.89	2,297.03	2,041.47
Financial assets				
(i) Trade receivables	9	7,318.94	6,672.80	6,162.72
(ii) Cash and cash equivalents	10	4,535.57	2,372.04	1,369.55
(iii) Other financial assets	11	8,356.73	5,915.18	4,135.91
Current tax assets	12	25.46	14.68	10.39
Other current assets	13	939.60	555.28	357.15
Total current assets		**23,350.19**	**17,827.01**	**14,077.19**
TOTAL ASSETS		**1,68,164.84**	**1,55,467.51**	**1,40,068.13**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	14	25,375.94	25,375.94	24,612.35
Other equity	15	(1,44,841.36)	(1,30,446.43)	(1,14,166.14)
Equity attributable to owners of the Company		(1,19,465.42)	(1,05,070.49)	(89,553.79)
Non-controlling Interests	16	(0.32)	(0.27)	(0.21)
Total equity		(1,19,465.74)	(1,05,070.76)	(89,554.00)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	17	1,24,409.86	1,04,394.39	91,394.90
(ii) Other financial liabilities	18	5,540.48	4,801.59	4,290.68
Provisions	19	41,218.00	41,625.08	36,707.93
Other non-current liabilities	20	9,594.64	13,136.46	16,462.98
Total non-current liabilities		**1,80,762.98**	**1,63,957.52**	**1,48,856.49**

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CHARTERED ACCOUNTANTS

TNEB LIMITED
Consolidated Balance Sheet as at 31 March 2021

(in INR crores)

Particulars	Note	31 March 2021	31 March 2020	1 April 2019
Current liabilities				
Financial liabilities				
(i) Borrowings	21	43,450.64	35,502.29	28,255.62
(ii) Trade payables	22	31,541.20	31,022.87	26,074.73
(iii) Other financial liabilities	23	22,406.76	21,767.75	19,663.98
Provisions	24	5,051.34	4,875.46	4,674.46
Other current liabilities	25	4,417.66	3,412.38	2,096.85
Total current liabilities		**1,06,867.60**	**96,580.75**	**80,765.64**
TOTAL EQUITY AND LIABILITIES		**1,68,164.84**	**1,55,467.51**	**1,40,068.13**

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

K. Nanthakumar, IAS
(Chairman cum
Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Suresh Kumar
Company Secretary

As per our report of even date

For V D S R & Co. LLP,
Chartered Accountants
Firm No. 001626S/S200085

V D S R & CO. LLP
F.R.No.001626S/S200085
CHENNAI
BANGALORE
CHARTERED ACCOUNTANTS

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYVY3014

Place: Chennai
Date :18.12.2024

TNEB LIMITED

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(in INR crores)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	26	49,772.59	49,883.05
Other income	27	5,581.54	5,712.83
Total income		55,354.13	55,595.88
Expenses			
Cost of power purchase	28	36,188.66	31,687.33
Cost of power generation	29	5,566.37	8,525.94
Employee benefit expenses	30	10,893.56	9,372.13
Finance costs	31	12,495.21	10,430.89
Depreciation and amortization expenses	32	5,368.72	5,207.20
Other expenses	33	1,310.65	1,276.19
Total expenses		71,823.17	66,499.68
Profit (loss) before tax		(16,469.04)	(10,903.80)
Tax expense:	34		
Current tax		-	-
Deferred tax		-	-
Profit (loss) for the year before share of profit from jointly controlled entities & associates		(16,469.04)	(10,903.80)
Add: Share of profit from jointy controlled entities and associates		146.30	190.78
Profit for the year		(16,322.74)	(10,713.02)
Other comprehensive income			
Items not reclassified to profit or loss			
Remeasurement of defined benefit plan		1,927.28	(5,198.01)
Income tax relating to items that will not be reclassified to profit or loss (net)		-	-
Total other comprehensive income for the year		1,927.28	(5,198.01)
Total comprehensive income for the year		(14,395.46)	(15,911.03)
Profit (loss) for the year attributable to:			
- Owners of the Company		(16,322.68)	(10,712.98)
- Non-controlling Interests		(0.06)	(0.04)
		(16,322.74)	(10,713.02)
Other Comprehensive Income / (loss) for the year attributable to:			
- Owners of the Company		1,927.27	(5,197.99)
- Non-controlling Interests		0.01	(0.02)
		1,927.28	(5,198.01)

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Total Comprehensive Income for the year attributable to:			
- Owners of the Company		(14,395.41)	(15,910.97)
- Non-controlling Interests		(0.05)	(0.06)
		(14,395.46)	**(15,911.03)**
Earnings per equity share	35		
Basic		(6.43)	(4.32)
Diluted		(6.43)	(4.32)

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

K. Nanthakumar, IAS
(Chairman cum
Managing Director) 17/12

K. Malarvizhi
(Director/Finance) 17/12

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)
17/12

D. Suresh Kumar
Company Secretary 17/12

As per our report of even date

For V D S R & Co. LLP,
Chartered Accountants
Firm No. 001626S/S200085

V D S R & CO. LLP ★ F.R.No.001626S/S200085 CHENNAI BANGALORE ★ CHARTERED ACCOUNTANTS

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYVY3014

Place: Chennai
Date :18.12.2024

TNEB LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2021

(in INR crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit / (Loss) before tax	(16,322.74)	(10,713.02)
Adjustments for:		
Depreciation and amortization	5,368.72	5,207.20
Interest income	(166.99)	(160.34)
Finance costs	12,495.21	10,430.89
Transfer to other reserves	0.48	0.32
Reversal of impairment loss	(2.80)	(5.69)
Changes due to prior period corrections	-	(369.64)
Share of profit from jointy controlled entities and associates	(146.30)	(190.78)
Operating profit before working capital changes	**1,225.58**	**4,198.94**
Working capital adjustments:		
(Increase) decrease in inventories	123.14	(255.56)
(Increase) decrease in trade receivables	(646.14)	(510.08)
(Increase) decrease in other financial assets	(2,504.21)	(2,319.60)
(Increase) decrease in current tax assets	(10.78)	(4.29)
(Increase) decrease in other current assets	(384.32)	(198.13)
(Increase) decrease in non other current assets	505.62	(703.88)
Increase (decrease) in other non-current liabilities	(3,541.82)	(3,326.52)
Increase (decrease) in trade payables	518.33	4,948.14
Increase (decrease) in other financial liabilities	1,377.90	2,614.68
Increase (decrease) in other current liabilities	1,005.28	1,315.53
Increase (decrease) in provisions	1,696.08	(79.86)
Cash generated from operations	**(635.34)**	**5,679.37**
Income taxes paid (net)	-	-
Net cash flow from (used in) operating activities (A)	**(635.34)**	**5,679.37**

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TNEB LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2021

(in INR crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from investing activities		
Additions to property, plant and equipment, including capital advances, intangible assets and investment property	(3,177.99)	(5,727.21)
Acquisition or construction of capital work-in-progress	(9,601.20)	(9,688.34)
Acquisition or construction of intangibles under development	(49.25)	(0.53)
Purchase of investments	(8.29)	-
Interest income	166.99	160.34
Net cash flow from (used in) investing activities (B)	**(12,669.74)**	**(15,255.74)**
Cash flow from financing activities		
Net receipts from / repayment of borrowings	27,963.82	20,246.16
Proceeds from issue of equity share capital	-	763.59
Finance costs	(12,495.21)	(10,430.89)
Net cash flow from (used in) financing activities (C)	**15,468.61**	**10,578.86**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**2,163.53**	**1,002.49**
Cash and cash equivalents at the beginning of the year	2,372.04	1,369.55
Cash and cash equivalents at the end of the year	**4,535.57**	**2,372.04**
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	4,378.21	2,134.43
Cheques and drafts on hand	75.81	73.72
Cash on hand	81.55	163.89
	4,535.57	**2,372.04**

Note:

The Statement of Cash Flow has been prepared under the 'Indirect Method' set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flow'.

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

K. Nanthakumar, IAS
(Chairman cum
Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Suresh Kumar
Company Secretary

As per our report of even date

For V D S R & Co. LLP,
Chartered Accountants
Firm No. 001626S/S200085

V.D.S.R & CO. LLP ★ CHARTERED ACCOUNTANTS ★ F.R.No.001626S/S200085 CHENNAI BANGALORE

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYVY3014

Place: Chennai
Date :18.12.2024

TNEB LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(in INR crores)

A. Equity share capital

Particulars	No. of Shares	Amount
Balance as at 1 April 2019	24,61,23,45,514	24,612.35
Changes in equity share capital during the year		
Add: Issued during the year	76,35,98,200	763.59
Balance as at 31 March 2020	**25,37,59,43,714**	**25,375.94**
Balance as at 1 April 2020	25,37,59,43,714	25,375.94
Changes in equity share capital during the year		
Add: Issued during the year	-	-
Balance as at 31 March 2021	**25,37,59,43,714**	**25,375.94**

B. Other equity

Particulars	Reserves and surplus		Total other equity attributable to the owners of the	Non-controlling Interests	Total Other Equity
	Retained earnings	Other reserves			
Balance as at 1 April 2019	(1,14,173.55)	7.41	(1,14,166.14)	(0.21)	(1,14,166.35)
Profit / (loss) for the year	(10,712.98)	0.32	(10,712.66)	(0.04)	(10,712.70)
Other comprehensive income:					
Remeasurement gain / (loss) of defined benefit plans, net of tax	(5,197.99)	-	(5,197.99)	(0.02)	(5,198.01)
Changes due to prior period errors*	(369.64)		(369.64)	-	(369.64)
Balance as at 31 March 2020	**(1,30,454.16)**	**7.73**	**(1,30,446.43)**	**(0.27)**	**(1,30,446.70)**
Balance as at 1 April 2020	**(1,30,454.16)**	**7.73**	**(1,30,446.43)**	**(0.27)**	**(1,30,446.70)**
Profit / (loss) for the year	(16,322.68)	0.48	(16,322.20)	(0.06)	(16,322.26)
Other comprehensive income:					
Remeasurement gain / (loss) of defined benefit plans, net of tax	1,927.27	-	1,927.27	0.01	1,927.28
Balance as at 31 March 2021	**(1,44,849.57)**	**8.21**	**(1,44,841.36)**	**(0.32)**	**(1,44,841.68)**

* During the year ended 31 March 2022, the Group discovered various prior period errors due to omission/misaccounting in its financial statements. As a consequence, income/expenses and the related assets/liabilities have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

K. Nanthakumar, IAS
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

D. Suresh Kumar
Company Secretary

As per our report of even date

For V D S R & Co. LLP,
Chartered Accountants
Firm No. 001626S/S200085

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYYV3014

V D S R & CO. LLP ★ F.R.No.001626S/S200085 CHENNAI BANGALORE ★ CHARTERED ACCOUNTANTS

Place: Chennai
Date :18.12.2024

1. Corporate information

TNEB Limited ("TNEB" or the "Company") is a public limited company domiciled in India and incorporated on 1 December 2009 under the provisions of the Companies Act, 1956.

The Company is owned by Government of Tamil Nadu. The Company has emerged out of the scheme known as Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme notified by the Government of Tamil Nadu and primarily an investment company and shall invest in the field of electricity. TNEB Limited has two subsidiary companies viz., Tamil Nadu Generation and Distribution Corporation Limited ("TANGEDCO") and Tamil Nadu Transmission Corporation Limited ("TANTRANSCO"). TANGEDCO is engaged in the business of generation and distribution of power throughout the state of Tamil Nadu and TANTRANSCO is engaged in the business of transmission of power in the state of Tamil Nadu. The Company has its registered office in NPKRR MAALIGAI (TNEB Office), 144 Anna Salai, Chennai 600 002.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred to collectively as the "Group") and the Group's interest in its joint ventures and associates.

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and the provisions of the Electricity Act, 2003 to the extent applicable.

The Group's consolidated financial statements up to and for the year ended 31 March 2020 were prepared in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Companies Act, 2013 and the provisions of Electricity Act, 2003 to the extent applicable.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Group is provided in Note 66.

These consolidated financial statements were approved for issue by the Board of Directors on [redacted]

b. Basis of Consolidation

The Group consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to

direct relevant activities, those which significantly affect the entity's returns. The entities are consolidated from the date control commences until the date control ceases.

c. Subsidiaries

The consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

d. Joint ventures and Associates

Joint Ventures are entities over which the Group has joint control. Associates are entities over which the Group has significant influence but not control. Investments in Joint Ventures and Associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date.

e. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest crores (up to two decimals), unless otherwise stated.

f. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

g. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(a) - direct overheads attributable to Property, Plant and Equipment ("PPE");
- Note 3(d) - determination of non-current asset held for sale;
- Note 3(l) - leases: whether an arrangement contains a lease;
- Note 3(l) - lease classification;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(a) - useful lives of property, plant and equipment;
- Note 3(d) - determination of fair value less cost to sell of the disposal group on the basis of significant unobservable inputs.
- Note 3(f) - determination of Effective Interest Rate ("EIR");
- Note 3(f) and Note 3(h) - impairment of financial and non-financial assets;
- Note 3(f) - estimation of expected credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument;
- Note 3(i) - measurement of defined benefit obligations; key actuarial assumptions;
- Note 3(m) - estimations used for determination of tax expenses and tax balances;
- Note 3(m) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 3(q) - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

h. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

i. **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle (12 months) and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, *Presentation of Financial Statements*.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of trading;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of trading;

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

3. Significant accounting policies

a. Property, plant, and equipment

i. Initial recognition and measurement

The property, plant & equipment has been taken at the transfer price in respect of the assets transferred by the State Government vide G.O. Notification No. 49 with effect from 13 August 2015.

Items of property, plant & equipment are measured at cost, less accumulated depreciation, and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use, capitalised borrowing costs and estimated costs of dismantling and removing the item and restoring the site on which it is located.

In case of generating circles, the assets are constructed by respective circles. But, in case of distribution circles, the assets are constructed either by General Construction Circles ("GCCs") or by respective circle itself.

In cases where the assets are constructed by GCCs, the entire cost of (such as their staff expenses, administrative expenses, etc) gets allocated to the asset constructed in proportion to the total cost of assets constructed during the year. However, in case the assets are constructed by the respective circles, the Group identifies the actual direct overheads incurred to bring the assets to its intended use including labour and allocates the same to the cost of asset constructed. At present, 4.29% is allocated towards overheads to the cost of asset constructed by circles. The above percentage of allocation of overheads will be reviewed for accurate estimate, periodically, as and when decided by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Consumable spare parts are carried as inventory and recognized in the Consolidated Statement of Profit and Loss on consumption.

On transition to Ind AS in FY 2020-21, the Group has elected to fair value the major class of assets which includes land and land rights, buildings, civil works, plant and machinery and lines and cables existing as on the date of transition (1 April 2019) and consider it as their deemed cost of such property, plant and equipment in accordance with Ind AS 101. For other asset categories which includes hydraulics works, furniture & fittings, office equipments and vehicles that were not fair valued has been taken at their Ind AS value as on 1 April 2019.

In respect of co-generation plant related assets belonging to Co-Operative Sugar Mills / Public Sector sugar mills, the Group has not carried out any valuation exercise, pending settlement of agreements.

ii. **Subsequent costs**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalised when it meets the asset recognition criteria as per Ind AS 16.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in Consolidated Statement of Profit and Loss as incurred.

iii. **Depreciation**

Depreciation is recognized in Consolidated Statement of Profit and Loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Depreciation is calculated from the date of capitalization or procurement of the asset as determined by the Group's technical team. Assets costing individually INR 500 or less are depreciated fully in the year of purchase. In respect of leasehold improvements, depreciation is charged every year on such amount as is required to write off entire cost of leasehold improvements, on a straight-line method, for the estimated useful life of the asset; or over the period of the lease whichever is earlier.

The useful lives have been determined based on technical evaluation done by the management expert's thus, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets. The Group depreciates assets up to 90% of the cost of the asset and 10% is retained as the residual value.

Assets fair valued as on 1 April 2019 have been depreciated over the remaining useful life of the assets as provided by the Group's technical team. With respect to the assets put into use subsequent to the transition date, the useful life is arrived based on the depreciation rates prescribed in Regulation 24 of Tamil Nadu Electricity Regulation Commission's (Terms and Conditions of Determination of Tariff) Tariff Regulations 2005 as amended vide Gazatte No.14 notification dated 09.04.2014.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iv. **De-recognition**

Property, plant, and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the asset as at the date of de-recognition and is recognized in the Consolidated Statement of Profit and Loss.

v. **Capital work-in-progress**

Property, plant, and equipment under construction, advance paid towards acquisition, cost incurred for assets that are not ready for their intended use as on the reporting date and cost of asset not put to use before the year end, are disclosed as capital work-in-progress.

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and the borrowing costs attributable to the acquisition or construction of qualifying asset.

In cases where the assets are constructed by GCCs, the entire cost of (such as their staff expenses, administrative expenses, etc) gets allocated to the asset constructed in proportion to the total cost of assets constructed during the year. However, in case the assets are constructed by the respective circles, the Group identifies the actual direct overheads incurred to bring the assets to its intended use including labour and allocates the same to the cost of asset constructed.

Depreciation is not provided on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

vi. **Preliminary project identification and feasibility study costs**

Preliminary project development expenditure includes expenditure on feasibility and other studies, development expenditure, expenditure on exploration works, technical knowhow etc. These costs are capitalized only when an asset is acquired, and it is directly attributable to that asset. Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to Consolidated Statement of Profit and Loss. If the projects are abandoned with reference to Government orders or otherwise, such expenditure are charged to the Consolidated Statement of Profit and Loss in the respective years.

b. Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Upon initial recognition, investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the use of a property changed from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

Any gain or loss on disposal of an investment property is recognised in the Consolidated Statement of Profit and Loss.

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease.

The fair value of the investment property is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

On transition to Ind AS, the Group has elected to fair value the investment property existing as on the date of transition and consider it as their deemed cost of such investment property in accordance with Ind AS 101.

c. **Other Intangible Assets**

i. **Initial Recognition and measurement**

Other intangible assets that are acquired by the Group are initially recognized at cost. Subsequently, intangible assets which have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Cost includes any directly attributable expenses of preparing the asset for its intended use. Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalization under intangible assets are carried as intangible assets under development till they are ready for their intended use.

ii. **Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it related and when the cost can be measured reliably. All other expenditure is recognized in the Consolidated Statement of Profit and Loss as incurred.

iii. **Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is included in depreciation and amortization in Consolidated Statement of Profit and Loss.

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Derecognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset as at the date of de-recognition and is recognized in the Consolidated Statement of Profit and Loss.

d. Non-current asset or disposal group held for sale

Non current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered primarily through a sale transaction rather than through continuing use.

This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. As at each balance sheet date, the management reviews the appropriateness of such classification.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Losses on initial recognition as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets, PPE, and investment properties are no longer amortized or depreciated.

e. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Cost of inventories are determined after deducting any rebates and discounts. Spares (not meeting the definition of PPE) are accounted as inventory and expensed to the Consolidated Statement of Profit and Loss when issued for consumption.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and selling expenses.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where the material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

The Group accounts for any shortfall in inventory on account of loss incurred during transit, handling or natural loss associated with the inherent nature of the inventory as a charge to Consolidated Statement of Profit and Loss.

The comparison of cost and net realizable value is made on an item-by-item basis.

f. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or a financial liability only when it becomes party to the contractual provisions of the instrument.

i. **Financial assets**

Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets which are not valued at fair value through profit or loss, are added to the fair value on initial recognition.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115, *Revenue from contracts with customers*.

Subsequent measurement

For purpose of subsequent measurement, financial assets are classified into:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit or loss (FVTPL); and
- Financial assets measured at fair value through other comprehensive income (FVOCI).

The Group classifies its financial assets in the above-mentioned categories based on:

- The Group's business model for managing the financial assets, and
- The contractual cash flows characteristics of the financial asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost using effective interest rate method ("EIR") (except for debt instruments that are designated as at Fair Value through Profit or Loss ("FVTPL") on initial recognition):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Amortised cost of a financial asset means the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR.

Financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A financial asset is measured at Fair Value through OCI ("FVTOCI") if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and
- The asset's contractual cash flows represent SPPI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at FVTOCI. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired; or

Both (1) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the

associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The difference between the carrying amount and the amount of consideration received/receivable is recognized in the Consolidated Statement of Profit and Loss.

Impairment of trade receivables and other financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Group follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ii. Financial liabilities and equity instruments

Initial recognition and measurement

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument as per Ind AS 32, *Financial instruments: Presentation.*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including cash credit.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the EIR.

Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the Consolidated Statement of Profit and Loss.

Trade and other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

Similarly, interest bearing borrowings are subsequently measured at amortised cost using EIR.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if these are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in other comprehensive income ("OCI"). These gains/ losses are not subsequently transferred to the Consolidated Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit and Loss. The Group has not designated any financial liability as fair value through profit and loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

The Group has not designated any financial liability at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the extinguishment of original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

g. Investment in joint ventures and associates

Investment in joint ventures and associates are accounted using equity method less impairment.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Impairment of investments:

The Group reviews its carrying value of investments carried at cost, amortised cost or equity method annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Consolidated Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the Investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the Investment. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

h. Impairment

i. Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Recoverable amount of an asset is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When it is not possible to determine the recoverable amount of an individual asset, then the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The Group's corporate assets to the extent possible are allocated to the CGUs it belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognised in respect of a CGU is allocated to the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

The Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i. Employee benefits

In terms of the Tamil Nadu Electricity (Re-organization and Reforms) Transfer Scheme, 2010, all the employees of TNEB were transferred to TANGEDCO and subsequently some employees were deputed to the TANGEDCO's fellow subsidiary i.e., TANTRANSCO. The Company since incorporation has no employees on its own.

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably. Short term employee benefits comprise of wages, salaries, incentives, short term leave salary etc.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation other than contribution payable to the fund.

The Group runs contributory pension scheme in which the Group deducts 10 percent of the employees' salary and contribute an equal amount into a separate account. The contributions to such contributory pension scheme are recognized as an expense and charged to the Consolidated Statement of Profit and Loss.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's liability towards staff pension fund, gratuity, family security fund scheme, TNEB special provident fund cum gratuity scheme are in the nature of defined benefit plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method (PUCM). When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the

discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Other long-term employee benefits

Benefits under the Group's earned and unearned leave encashment scheme constitute other long-term employee benefits. The Group's net obligation in respect of these long-term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The actuarial calculation is performed annually by a qualified actuary using the PUCM. Any actuarial gains or losses are recognized in Consolidated Statement of Profit and Loss account in the period in which they arise.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

v. Employee benefit schemes in the nature of liability

The Group has several employee benefits schemes such as general provident fund scheme and TNEB employees special provident fund cum gratuity scheme (2000), wherein it receives a fixed amount as contribution from the employees and accrues interest on the same. The corpus (principal and accumulated interest) is paid at the time of retirement or at the time of employee leaving the Group whichever is earlier. Under Ind AS 109, these are classified as financial liabilities.

j. Sharing of Expenses

Clause 11 (5) of G.O. No.100 dated 19.10.2010 stipulates that the expenses incurred by the TNEB will be reimbursed on actual basis by TANGEDCO and TANTRANSCO in the proportion determined by the Chairman of TNEB in consultation with TANGEDCO & TANTRANSCO.

The ratio of sharing expenses between TANGEDCO and TANTRANSCO has been fixed as 60:40 based on equity share capital as notified in Final Transfer Scheme by TNEB Limited in the respective companies. Though the investment ratio has changed during the year, the ratio of sharing expenses is retained at same percentage.

k. Revenue

Group's revenues arise from sale of power, wheeling charges, transmission and scheduling and system operating charges collected at the tariff notified by Tamil Nadu Regulatory Commission ("TNERC") from time to time and other operating income. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from other income comprises interest income on bank deposits and staff loan, grant and subsidies from government, rebate on power purchase bill, estimate and reconnection charges, meter rent, testing and application fees, sale of scrap and other miscellaneous income, etc.

The specific recognition criteria described below must also be met before revenue is recognised:

i. Sale of power

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Group recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

Revenue from sale of power is recognized based on the assessment of units consumed by consumer and are billed at the rates for distribution tariff notified by Tamil Nadu Electricity Regulatory Commission ("TNERC") from time to time. Income pertaining to consumption of units not assessed as at the end of reporting period are treated as unbilled revenue based on the actual assessment made in subsequent period which is known at the time of closure of accounts. The income related to unassessed units is recognised based on the growth in consumption and rate of realization.

Tariff is determined based on the aggregate revenue required by the Group.

Revenue from sale of power is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

ii. Wheeling charges

The Group enters into various agreements with power generators to supply or 'wheel' the power generated to the power generator's end customers; these are called 'wheeling charges.' As per these agreements, the Group will only provide the power generator access to the Group's infrastructure for the transfer of power to the end customer. The customer

is to pay the respective power generator company for the power consumed as per the rates agreed between them. Therefore, the Group acts only as an intermediary between the power generator and its customers.

In most contracts even though the primary responsibility for supply of the contracted power is on the power generator, in case of shortfalls in the supply, the Group may make good of such shortfalls depending on the availability.

Revenue from wheeling charges is recognized once the electricity has been delivered to the beneficiary (end customer) and is measured through a regular review of usage meters.

iii. **Transmission charges**

The Group collects transmission charges from the customers for transmitting the power from the point of generation to the point of supply. Revenue from transmission of power is recognised over time for transmission of electricity based on the tariff notified by the TNERC from time to time. Input method is used to recognize revenue based on the Group's efforts or inputs to the satisfaction of a performance obligation to deliver power.

iv. **Scheduling and system operating charges**

The Group through State Load Dispatch Centre ("SLDC") collects scheduling charges from customers for scheduling the transmission of power and collects system operation charges from them. These scheduling charges are recognised as income on accrual basis.

Revenue from Short Term Open Access ("STOA") contracts are recognized as 'scheduling and system operating charges' in the financial statements as STOA contracts arises only when there is a transmission availability in the lines of LTOA / MTOA customers.

v. **Other operational income**

Other operating income consists of tariff subsidy from Government of Tamil Nadu ("GoTN"), estimate charges, reconnection charges, meter rent, testing and application fees and other miscellaneous receipts.

- **Tariff subsidy from GOTN:**

  The Group from time to time receives Government Order ("GO") from GoTN for providing free supply or concessional tariff for different categories of consumers such as hut consumers, agricultural consumers, domestic consumers, places of public worship, power loom consumers, handloom consumers and lift irrigation co-operative societies.

  As per the GO, the Group is required to provide 100 units of consumption free of charge to all such consumers. GoTN thus undertakes to provide subsidy to the Group for the shortfall in revenue due to policy of free supply and concessional tariff to specific category of consumers.

The Group accounts for the tariff subsidy when it is due from GOTN in the Consolidated Statement of Profit and Loss as part of other operating income.

Other charges collected by the Group are-

- Estimate charges are collected by the Group for estimating the requirements of the customer for providing the connection services and are recognised on accrual basis once the services are provided.
- Reactive energy charges are collected by the Group when the generator of power does not inject the agreed quantity of power and are recognised as income on accrual basis.
- Reconnection charges collected from the customers for reconnecting the services which are disconnected or discontinued for any reason are recognised on accrual basis once the services are provided.
- Meter rents are collected from HT customers on a monthly basis along with the invoice raised for power consumption and are recognised as income on accrual basis.
- Testing and application fees are collected from the customers for testing of the Group's equipment and are recognised on accrual basis once the services are provided.
- The other miscellaneous receipts such as shifting charges, labour charges, meter box charges name transfer charges, dismantling charges etc., are recognised as and when the services are provided.

vi. Other income

- Interest income is recognized, when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the EIR.
- Scrap other than steel scrap is accounted for as and when sold. Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.
- For debt instruments measured either at amortized cost or FVTOCI, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit

losses. Interest income is included in other income in the Consolidated Statement of Profit and Loss.

- Charges recovered from consumers for delayed payments are recognised as income on accrual basis.
- The liquidated damages/ interest on advance to suppliers is recognized when no significant uncertainty as to measurability or collectability exists.
- Rebate received for early payment of power purchase bills are netted off against the cost of power purchase.

l. Leases

Effective 1 April 2019, the Group adopted Ind AS 116, *Leases* and applied to all lease contracts existing on 1 April 2019 using the modified retrospective method on the date of initial application. Pursuant to adoption of Ind AS 116, the Group recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, except for short-term leases and leases of low-value assets. The lease liability is measured at the present value of remaining lease payments discounted at incremental borrowing rate applicable at the date of initial application and the right-of-use asset has been recognized at an amount equal to lease liability.

As lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

As lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease as per requirements under Ind AS 116. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee

substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset in which case the lease is classified as finance lease.

Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the Consolidated Statement of Profit and Loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the Consolidated Statement of Profit and Loss.

The amounts due from lessees under finance leases are recorded in the balance sheet as financial assets, classified as 'Finance lease receivables', at the amount equal to the net investment in the lease.

In certain cases of leases where the Group retains the principal risks and rewards of ownership of the underlying asset, the arrangement is considered as operating lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

m. Income-tax

Income tax comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to an item recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of the deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

n. Foreign currency transactions

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates i.e., functional currency. The Group's financial statements are presented in INR, which is also the Group's functional and presentation currency.

The foreign exchange transactions undertaken by the Group includes import of coal, consultancy services, loans and purchase of other materials.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. When advance payments are made to the supplier, the related asset or expense is accounted using the spot exchange rate as on the date of advance payment.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Consolidated Statement of Profit and Loss in the year in which it arises.

o. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs)

incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

p. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the grant will be received, and the Group will comply with the conditions associated with the grant. The grants are recognised in profit or loss as other operating revenue on a systematic basis. Grants related to depreciable assets are recognised in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognised. Capital grants other than those related to depreciable assets are treated as deferred income which is recognized in the Consolidated Statement of Profit and Loss statement on a systematic and rational basis over the useful life of the asset, i.e., such amounts are allocated to income over the periods.

q. Provision, contingent liabilities and contingent assets

A provision (other than for employee benefits) is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

r. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate

to transactions with any of the Group 's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Group's Board of Directors are responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Group's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Group.

s. **Earnings per share**

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Group has no potentially dilutive equity shares, as the Group is a Government of Tamil Nadu undertaking with 100% equity shareholding.

t. **Prior period items, accounting estimates and effect of change in accounting policy**

Prior period items/errors of material nature are corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred. If the prior period error found material occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

The effect of change in accounting estimate is recognised prospectively in the Consolidated Statement of Profit and Loss except where they relate to assets and liabilities, the same is recognised by adjusting the carrying amount of related assets/liability/equity in the period of change. Changes in accounting policy due to initial application of Ind AS are dealt with in accordance with specific transitional provisions, if any in the respective Ind AS. In other cases, the changes in accounting policy are done retrospectively; the application of such change is limited to the earliest period practicable.

u. **Events occurring after the balance sheet date**

Assets and liabilities are adjusted for events that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors that provide additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period. Such events are disclosed or given effect to in the financial statements as provided for in Ind AS 10, *Events after the reporting period*.

v. **Recent accounting pronouncements**

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The Group is in the process of evaluating the impact of these amendments to the financial statements and will implement these amendments from FY 2021-22.

(in INR crores)

4(a) Property, plant and equipment and capital work-in-progress
Reconciliation of carrying amount

Particulars	Freehold land	Buildings	Plant and equipment	Other Civil Works	Lines, Cable Network Etc.	Hydraulics works	Furniture and fixtures	Vehicles	Office equipments	Capital spares	Others	Total (A)	Capital work-in-progress (B)	Total (A+B)
Cost or deemed cost (Gross carrying amount)														
Balance as at 1 April 2019	17,433.47	3,146.08	32,396.98	1,567.11	35,784.06	1,653.80	28.31	17.14	120.99	1,025.81	948.15	94,121.90	28,483.75	1,22,605.65
Additions during the year	73.57	52.25	2,089.71	12.65	3,189.67	170.08	0.96	4.93	21.89	65.14	130.97	5,811.84	9,688.34	15,500.18
Disposals/transfers during the year	(13.45)	-	(4.68)	-	(5.62)	(82.68)	(0.17)	(0.68)	(2.52)	(0.84)	(0.57)	(111.21)	-	(111.21)
Balance as at 31 March 2020	17,493.59	3,198.33	34,482.01	1,579.76	38,968.11	1,741.20	29.09	21.39	140.36	1,090.11	1,078.55	99,822.53	38,172.09	1,37,994.62
Balance as at 1 April 2020	17,493.59	3,198.33	34,482.01	1,579.76	38,968.11	1,741.20	29.09	21.39	140.36	1,090.11	1,078.55	99,822.53	38,172.09	1,37,994.62
Additions during the year	88.74	45.72	1,658.33	33.74	1,286.61	116.45	0.41	5.80	12.19	0.69	1.48	3,250.17	9,601.20	12,851.37
Disposals/transfers during the year	(0.94)	(0.28)	(9.07)	-	(6.88)	(0.03)	(0.46)	(0.69)	(1.23)	(56.35)	(14.22)	(90.14)	-	(90.14)
Balance as at 31 March 2021	17,581.40	3,243.78	36,131.27	1,613.50	40,247.84	1,857.62	29.04	26.50	151.32	1,034.46	1,065.82	1,02,982.56	47,773.29	1,50,755.85
Accumulated depreciation and impairment losses														
Balance as at 1 April 2019	-	-	-	-	-	-	-	-	-	293.98	99.12	393.10	-	393.10
Depreciation during the year	-	135.13	2,344.45	62.68	2,434.31	129.28	3.13	4.24	26.36	42.79	82.99	5,265.37	-	5,265.37
Reversal of impairment loss			(5.69)									(5.69)	-	(5.69)
Disposals/transfers during the year	-	-	(0.70)	-	(0.82)	(7.13)	(0.21)	(0.59)	(1.00)	(23.54)	-	(34.00)	-	(34.00)
Balance as at 31 March 2020	-	135.13	2,338.06	62.68	2,433.48	122.15	2.92	3.65	25.36	313.23	182.11	5,618.78	-	5,618.78
Balance as at 1 April 2020	-	135.13	2,338.06	62.68	2,433.48	122.15	2.92	3.65	25.36	313.23	182.11	5,618.78	-	5,618.78
Depreciation during the year	-	136.35	2,432.88	63.32	2,519.22	123.44	3.54	3.26	38.56	41.18	56.26	5,418.02	-	5,418.02
Reversal of impairment loss			(2.80)									(2.80)	-	(2.80)
Disposals/transfers during the year	-	(0.20)	(6.22)	-	(4.11)	(0.05)	(1.15)	(0.97)	(13.36)	(0.01)	-	(26.07)	-	(26.07)
Balance as at 31 March 2021	-	271.28	4,761.93	126.00	4,948.59	245.54	5.31	5.95	50.56	354.40	238.38	11,007.93	-	11,007.93
Carrying amount (net)														
As at 1 April 2019	17,433.47	3,146.08	32,396.98	1,567.11	35,784.06	1,653.80	28.31	17.14	120.99	731.83	849.03	93,728.80	28,483.75	1,22,212.55
As at 31 March 2020	17,493.59	3,063.20	32,143.95	1,517.09	36,534.63	1,619.05	26.17	17.74	115.00	776.88	896.44	94,203.75	38,172.09	1,32,375.84
As at 31 March 2021	17,581.40	2,972.49	31,369.34	1,487.50	35,299.25	1,612.08	23.73	20.56	100.76	680.05	827.44	91,974.63	47,773.29	1,39,747.92

Note:

1 The scheme wise registers for capital work-in-progress are not being maintained by the Group. However, the Group is in the process of carrying out reconciliation process to match with the books of accounts.

2 The Group decommissioned the Ennore Thermal Power Station (ETPS) on 31 March 2017 and provided 100% impairment loss on all the assets existing as on that date. Hence, the fair value of the assets (deemed cost) in ETPS as on the date of transition is nil. During FY 2019-20 and FY 2020-21, certain minor parts of plant and machinery in ETPS were identified as in usable condition and were transferred to other thermal stations and accordingly the Group reversed the impairment loss to the extent of INR 5.69 crores and INR 2.80 crores in FY 2019-20 and FY 2020-21 respectively.

3 The Group has availed both term loans and working capital loans by moftgage of fixed assets from various banks and financial institutions (refer note 17 and 21)

4 Title deeds for some of the immovable properties mentioned above are not in the name of the Group and the Group is in the process of registering the same in the name of the entity to which it belongs.

(in INR crores)

4(b) Investment property

A. Reconciliation of carrying amount

Particulars	Land	Total
Cost or deemed cost (Gross carrying amount)		
Balance as at 1 April 2019	58.27	58.27
Additions during the year	13.45	13.45
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	71.72	71.72
Balance as at 1 April 2020	71.72	71.72
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	71.72	71.72
Accumulated depreciation and impairment losses		
Balance as at 1 April 2019	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	-	-
Balance as at 1 April 2020	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	-	-
Carrying amount (net)		
As at 1 April 2019	58.27	58.27
As at 31 March 2020	71.72	71.72
As at 31 March 2021	71.72	71.72
Fair value		
As at 1 April 2019	58.27	58.27
As at 31 March 2020	71.72	71.72
As at 31 March 2021	71.72	71.72

(in INR crores)

B. Measurement of fair values

i) Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

ii) Valuation technique

The fair value of land has been determined using market approach (sales comparison method) whereby market rate of similar type of land at or near the location of investment property has been considered to arrive at the land rate applicable.

4(c) Other intangible assets and intangible assets under development

Reconciliation of carrying amount

Particulars	Software	Right of Way	Total	Intangible assets under development
Cost or deemed cost (Gross carrying amount)				
Balance as at 1 April 2019	0.13	205.71	205.84	-
Additions during the year	-	37.30	37.30	0.53
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2020	**0.13**	**243.01**	**243.14**	**0.53**
Balance as at 1 April 2020	0.13	243.01	243.14	0.53
Additions during the year	-	41.19	41.19	49.25
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2021	**0.13**	**284.20**	**284.33**	**49.78**
Accumulated amortization and impairment losses				
Balance as at 1 April 2019	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2020	**-**	**-**	**-**	**-**
Balance as at 1 April 2020	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**	**-**
Carrying amount (net)				
As at 1 April 2019	**0.13**	**205.71**	**205.84**	**-**
As at 31 March 2020	**0.13**	**243.01**	**243.14**	**0.53**
As at 31 March 2021	**0.13**	**284.20**	**284.33**	**49.78**

(in INR crores)

5 Financial assets - Investments (accounted for using the Equity Method)

	31 March 2021	31 March 2020	1 April 2019
Non-current investments			
Investment in associates			
a. NLC Tamil Nadu Power Limited			
240,684,620 (31 March 2020: 240,684,620; 1 April 2019: 240,684,620) equity shares of INR 10 each	306.35	274.03	272.79
Investment in joint ventures			
a. NTPC Tamil Nadu Energy Company Ltd			
1,436,396,112 (31 March 2020: 1,428,106,112; 1 April 2019: 1,428,106,112) equity shares of INR 10 each	1,697.50	1,577.33	1,389.46
b. Mandakini B Coal Corporation Limited[B]			
207,843 (31 March 2020: 207,843; 1 April 2019: 207,843) equity shares of INR 10 each	2.08	2.08	2.08
c. Maha Tamil Collieries Limited[A]			
36,970 (31 March 2020: 36,970; 1 April 2019: 36,970) equity shares of INR 10 each	9.65	7.56	5.88
	2,015.58	**1,860.99**	**1,670.21**
All units are in absolute numbers			
Aggregate value of quoted investments	-	-	-
Aggregate value of unquoted investments	2,015.58	1,860.99	1,670.21
Aggregate amount of impairment in value of investments	-	-	-

The investments in associates and joint ventures are accounted using the equity method as per Ind AS 112 *Disclosure of Interests in Other Entities*.

[A] The joint venturers of Maha Tamil Collieries Limited has proposed to wind up Maha Tamil Collieries Limited after settlement of all liabilities.

[B] Since Mandakini B Coal Corporation Limited was in the status of 'Dormant Company' from June 2017 upto May 2022, financials for the FY 2018-19 till FY 2022-23 are under progress. Accordingly, the investment amount represents the amount initially invested by the Group.

6 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Fixed deposits	2,267.42	2,204.40	1,588.62
Commitment advance paid towards projects	113.48	115.76	132.72
Less : Expected credit loss allowance	-56.58	-58.50	-
Security and other deposits	6.74	6.74	6.73
	2,331.06	**2,268.40**	**1,728.07**

Movement in the life-time Expected Credit Loss ("ECL") allowance on non-current investments:

Balance at the beginning of the year	(58.50)	-	-
Movement in ECL on non-current investments calculated at life-time expected credit losses	1.92	(58.50)	
ECL at the end of the year	**(56.58)**	**(58.50)**	-

7 Other non-current assets

	31 March 2021	31 March 2020	1 April 2019
Capital advances	314.26	819.88	116.00
	314.26	**819.88**	**116.00**

(in INR crores)

8 Inventories

	31 March 2021	31 March 2020	1 April 2019
Raw materials			
In hand			
- Coal	277.05	362.41	329.59
- Oil and chemical	50.20	28.04	148.24
Goods in transit			
- Coal	194.37	330.94	172.42
	521.62	721.39	650.25
Other materials			
In hand	1,676.54	1,599.91	1,415.49
Goods in transit	-	-	-
	1,676.54	1,599.91	1,415.49
Less: provision for loss/ obsolescence of stock	(24.27)	(24.27)	(24.27)
	2,173.89	2,297.03	2,041.47

The Group has availed regular cash credit (overdraft) facility from various banks by pledging the inventories including coal, chemicals, lubricants, consumables, other materials etc.,

9 Financial assets - Trade receivables

	31 March 2021	31 March 2020	1 April 2019
Trade receivables			
Unsecured, considered good	7,505.56	6,842.80	6,414.41
Doubtful	-	-	-
	7,505.56	6,842.80	6,414.41
Loss allowance	(186.62)	(170.00)	(251.69)
	(186.62)	(170.00)	(251.69)
Net trade receivables	7,318.94	6,672.80	6,162.72

All trade receivables are 'current'. Trade receivables includes unreconciled receivables from HT and LT customers amounting to INR 65.49 crores and INR 1,932.39 crores respectively, for which the Group is in the process of undertaking clean-up activity to reconcile the amounts as per the books of accounts.

The Group has availed regular cash credit (overdraft) facility from various banks by pledging debtors on sale of power.

The Group's exposure to credit risk and loss allowance related to trade receivables are disclosed in Note 42.

10 Financial assets - Cash and bank balances

	31 March 2021	31 March 2020	1 April 2019
Balances with banks			
Balance in current account	4,378.21	2,134.43	1,101.31
Cash on hand	81.55	163.89	198.41
Cheques, drafts and stamps on hand	75.81	73.72	69.44
Balance in short term deposit	-	-	0.39
	4,535.57	2,372.04	1,369.55

11 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Receivable from related parties*	107.77	458.63	498.60
Subsidy receivable	6,138.77	3,326.11	1,297.35
Unbilled revenue	1,341.80	1,403.81	1,553.69
Employee loan	345.55	364.95	374.75
Sundry receivables	324.66	301.93	355.47
Security deposits	54.91	14.02	16.28
Amount recoverable from employees	43.27	45.73	39.77
	8,356.73	5,915.18	4,135.91

*During the year, the Group carried out the reconciliation of its books of accounts with its subsidiary companies TANGEDCO and TANTRANSCO and there is an unreconciled balance of INR 107.77 Crores as at 31 March 2021 for which reconciliation is in progress.

12 Current tax assets

	31 March 2021	31 March 2020	1 April 2019
Balances with government authorities	25.46	14.68	10.39
	25.46	14.68	10.39

13 Other current assets

	31 March 2021	31 March 2020	1 April 2019
Unsecured, considered good			
Inter-unit balances*	663.30	211.65	-
Advances to suppliers and contractors	269.09	299.76	333.80
Balances with statutory authorities	7.17	43.83	23.31
Prepaid Expenses	0.04	0.04	0.04
	939.60	555.28	357.15

*The Group had during the previous year engaged an independent consultant to reconcile its Inter unit balances with the records maintained at various units. As of year end, the process is in progress and there is an unreconciled balance of INR 663.30 crores. The Group is in the process of continuing the clean up of all balances including legacy balances to match the same with the books of account. Pending completion of the said process, the entire amount of INR 663.30 crores has been disclosed as other current assets as at 31 March 2021, 31 March 2020 and under other current liabilities as at 1 April 2019.(refer note 25).

14 Share capital

(in INR crores)

	31 March 2021	31 March 2020	1 April 2019
Authorized			
30,00,00,00,000 shares (31 March 2020: 30,00,00,00,000; 1 April 2019: 30,00,00,00,000) equity shares of INR 10 each	30,000.00	30,000.00	30,000.00
	30,000.00	30,000.00	30,000.00
Issued, subscribed and paid-up[1]			
25,37,59,43,714 (31 March 2020: 25,37,59,43,714 ; 1 April 2019: 24,61,23,45,514) equity shares of INR 10 each fully paid up	25,375.94	25,375.94	24,612.35
	25,375.94	25,375.94	24,612.35

[1] All issued shares are fully paid up

a) Reconciliation of equity shares and share capital outstanding at the beginning and at the end of the reporting year

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	25,37,59,43,714	25,375.94	##########	24,612.35
Shares issued for cash	-	-	76,35,98,200	763.59
At the end of the year	25,37,59,43,714	25,375.94	##########	25,375.94

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of INR 10 per share. Each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

No dividend has been declared and distributed to equity shareholders during the current year as well as previous year.

c) Details of shares held by the holding and ultimate holding company

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,37,59,43,714	25,375.94	##########	25,375.94
	25,37,59,43,714	25,375.94	##########	25,375.94

d) Particulars of shareholders holding more than 5% of equity shares of Rs 10 each fully paid in the Company

	31 March 2021		31 March 2020	
	No. of shares*	% held	No. of shares*	% held
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,37,59,43,714	100.00%	##########	100.00%
	25,37,59,43,714	100.00%	##########	100.00%

*Shares details are in absolute numbers.

e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date

-The Company has allotted 14,96,03,05,160 equity shares at par as fully paid in pursuant of contracts for consideration other

- During the year ended 31 March 2020, the Company allotted 27,89,80,000 equity shares as fully paid up at par in consideration towards Coastal Disaster Risk Reduction Project (CDRRP) assisted by World Bank - conversion of overhead feeder into under ground cables in Cuddalore and Nagapattinam Districts. G.O. (Ms) No.477 Revenue & Disaster Management Dept. dated 23 December 2019, 33,46,18,200 equity shares as fully paid up at par in consideration towards execution of 15 projects as approved by Small Infrastructure Project Empowered Committee (SIPEC) vide G.O. (Ms) No.99 Energy Department dated 31 December 2019 vide Circulation Board Approval dated 29 August 2019, and 15,00,00,000 equity shares as fully paid up at par in consideration towards execution of East Coast Economic Corridor Phase II, Chennai - Kanyakumari Industrial Corridor (CKIC) Projects proposed for availing loan from Asian Development Bank (ADB) vide

- During the year ended 31 March 2019, the Company allotted 11,16,38,892 equity shares as fully paid up at par in consideration towards Cyclone Resilient Electrical Network of Conversion of OH cable into UG cable in Cuddalore, Nagapattinam, Velankanni Towns vide G.O. (Ms) No. 57 Revenue & Disaster Management Dept. dated 15 Februrary 2019 and during the year ended 31 March 2020, alloted 8,29,37,600 equity shares as fully paid up at par in consideration towards execution of 15 projects as approved by Small Infrastructure Project Empowered Committee (SIPEC) vide G.O. (Ms) No. 21 Energy Department dated 28 February 2019 vide Circulation Board Approval dated 29 August 2019.

(in INR crores)

15 Other equity

	31 March 2021	31 March 2020	1 April 2019
Retained earnings	(1,44,849.57)	(1,30,454.16)	(1,14,173.55)
Other reserves	8.21	7.73	7.41
	(1,44,841.36)	(1,30,446.43)	(1,14,166.14)

15.1 Retained earnings

	31 March 2021	31 March 2020
Opening balance	(1,30,454.16)	(1,14,173.55)
Add: Profit (loss) for the year	(16,322.68)	(10,712.98)
Add : Remeasurement gain / (loss) of defined benefit plans, net of tax	1,927.27	(5,197.99)
Add : Changes due to prior period errors	-	(369.64)
Closing balance	**-1,44,849.57**	**-1,30,454.16**

15.2 Other reserves

	31 March 2021	31 March 2020
i. House Building Advance-Special family Benefit Fund Scheme		
Opening balance	7.73	7.41
Transfer during the year	0.41	0.32
Closing balance	8.14	7.73
ii. General Reserve		
Opening balance	-	-
Transfer during the year	0.07	-
Closing balance	0.07	-

Notes:
i. Retained earnings represents the amount that can be distributed by the Group as dividends considering the requirements of the Companies' Act, 2013. No dividends are distributed given the accumulated losses incurred by the Group.
ii. Other reserves includes amount of 1% deducted as insurance from each instalment of the house building advance provided to employees. The amount deducted will be utilized when an employee defaults in the repayment of his dues due to unforeseen circumstances.

16 Non-controlling Interests (NCI)

	31 March 2021	31 March 2020
Opening Balance	(0.27)	(0.21)
Share of Profit/(Loss) for the year	(0.06)	(0.04)
Other Comprehensive Income/(Expenses) for the year (Net of Tax)	0.01	(0.02)
Closing Balance	(0.32)	(0.27)

(in INR crores)

17 Non-current financial liabilities - borrowings

	31 March 2021	31 March 2020	1 April 2019
Redeemable non convertible bonds (secured)	3,932.21	4,384.52	4,827.53
	3,932.21	4,384.52	4,827.53
Term loans			
Secured			
From financial institutions	52,705.02	41,220.77	36,088.97
From banks	862.19	764.06	790.74
From government	-	-	-
Unsecured			
From banks	10,250.52	10,382.29	9,275.94
From financial institutions	51,076.34	42,738.09	36,950.58
From government	5,583.58	4,904.66	3,461.14
	1,20,477.65	1,00,009.87	86,567.37
	1,24,409.86	1,04,394.39	91,394.90

Term loans and working capital loans are secured by the mortgage on fixed assets and hypothecation of current assets of the Group.

Government of Tamil Nadu has given guarantee for the loans borrowed during the current year and earlier years from financial institutions and bond holders amounting to INR 54,849.86 crores (31 March 2020: INR 35,158.28 crores; 1 April 2019: INR 33,214.97 crores) for the total loan amount outstanding of INR 122,207.54 crores (31 March 2020: INR 98,635.95 crores, 1 April 2019: INR 81,790.09 crores).

The Group has defaulted in repayment of loans and borrowings of INR 300 crores of principal due on loan from Tamil Nadu Power Finance and Infrastructure Development Corporation Limited ('TNPFC') (31 March 2020: INR 58.23 crores of principal and INR 237.58 crores of interest due on loan from Restructured Accelerated Power Development and Reforms Programme ('RAPDRP'); 1 April 2019: INR 252.70 crores of principal and INR 252.90 crores of interest due on loan from RAPDRP).

The Group through Government of India (GOI) and Government of Tamil Nadu (GoTN) has borrowed loans from Japan International Cooperation Agency (JICA), KfW and Asian Development Bank (ADB) for meeting its project commitments. Although, GOI shall repay the loan instalments to the banks, the ultimate obligation of repaying the loan along with foreign exchange fluctuations, if any, lies with the Group.

The Group is exposed to interest rate risk arising from floating rate borrowings linked to the benchmark rates. (refer note 42 for interest rate risk).

The Group's exposure to liquidity risks related to other financial liabilities is disclosed in note 42.

18 Non-current financial liabilities - others

	31 March 2021	31 March 2020	1 April 2019
Payable to employees	5,527.49	4,787.79	4,276.07
Upfront lease rent received	12.99	13.80	14.61
	5,540.48	4,801.59	4,290.68

19 Provision - non-current

	31 March 2021	31 March 2020	1 April 2019
Provision for employment benefits (refer note 36)	41,218.00	41,625.08	36,707.93
	41,218.00	41,625.08	36,707.93

20 Other non-current liabilities

	31 March 2021	31 March 2020	1 April 2019
Deferred revenue*	6,705.68	11,102.49	15,018.78
Earnest money deposits and retention money	2,300.54	1,695.39	1,190.80
Deferred revenue on consumer contribution	588.42	338.58	253.40
	9,594.64	13,136.46	16,462.98

Notes*

i. Deferred revenue includes unamortized portion of government grant received. This amount will be recognized as revenue corresponding to the depreciation charge in future years. The amount does not constitute a liability to be discharged in future periods and hence, it has been disclosed separately from equity and liabilities. The Group has the following government grants:

a. INR 899.37 crores (31 March 2020: INR 895.11 crores) received from Government of India under integrated power development scheme for integrated power development scheme for strengthening of sub-transmission and distribution system in rural areas. IPDS GIP & IPDS ERP.

b. INR 447.83 crores (31 March 2020: INR 453.22 crores) received from Government of India under Deendayal Upadhyaya Gram Jyothi Yojana Scheme for separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission and distribution network and rural electrification.

c. INR 47.71 crores (31 March 2020: INR 51.80 crores) received from Government of India under Rajiv Gandhi Gram Vikas Yojana for rural electrification.

d. INR 157.62 crores (31 March 2020 : INR 19.10 crores) received from Government of Tamil Nadu under dam rehabilitation and improvement project for improving the safety and operational performance of selected existing dams in the state of Tamil Nadu.

ii Includes INR 4,563 crores (31 March 2020: INR 9,126 crores) of interest free loan received from the state government under Ujwal Discom Assurance Yojana ('UDAY') during the FY16-17 which was converted into grant of INR 4,563 crores for five years commencing from 2017-18 to 2021-22.

iii INR 39.11 crores (31 March 2020: INR 45.87 crores) received from Government of Tamil Nadu as interest free loan and INR 0.16 crores recevied from Government of Tamil Nadu for Tsunami relief program as of 31 March 2021 and 31 March 2020.

(in INR crores)

21 Current financial liabilities - borrowings

	31 March 2021	31 March 2020	1 April 2019
Secured			
Current maturities of long term borrowings	22,446.81	19,379.73	20,735.22
Cash credit from banks	5,860.82	5,246.92	6,559.51
Bill of exchange discounted with banks	4,322.44	2,057.20	960.89
Term loans			
From financial institutions	10,820.57	8,014.00	-
From banks	-	804.44	-
	43,450.64	35,502.29	28,255.62

Term loans and working capital loans are secured by the mortgage on fixed assets and hypothecation of current assets of the Group.

22 Financial liabilities - Trade payables

	31 March 2021	31 March 2020	1 April 2019
Trade payables for goods and services	29,854.37	29,265.13	24,127.60
Trade payables for expenses	1,686.83	1,757.74	1,947.13
	31,541.20	31,022.87	26,074.73

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 42.

	31 March 2021	31 March 2020	1 April 2019
Due to micro, small and medium enterprises	77.15	90.15	75.62
Dues to others	31,464.05	30,932.72	25,999.11
	31,541.20	31,022.87	26,074.73

All trade payables are 'current'.

Of the above, trade payable to related parties are as below:

	31 March 2021	31 March 2020	1 April 2019
Trade payables to related parties	2,818.83	3,715.33	1,988.41

23 Other financial liabilities

	31 March 2021	31 March 2020	1 April 2019
Deposits*	21,088.10	20,634.92	18,228.36
Employee benefits payable	1,277.63	1,091.79	1,396.92
Administrative expenses payable to UMPPs	38.96	38.87	37.25
Government subsidy refundable	1.26	1.36	0.64
Upfront lease rent received	0.81	0.81	0.81
	22,406.76	21,767.75	19,663.98

*Deposits include INR 71.42 crores representing 10% of the total project cost of INR 1,241.15 crores received from sugar mills for setting up of co-generation plants

However, no Ind AS impact has been given with respect to the accounting for assets and liabilities pertaining to sugar mills in the first Ind AS financial statements of the Group, since the co-generation projects are jointly developed and run by TANGEDCO, co-operative sugar mills and public sector sugar mills. The accounting impact on this arrangement will be arrived after mutual discussion among the concerned departments of GoTN.

The Group's exposure to liquidity risks related to other financial liabilities is disclosed in Note 42.

24 Provisions

	31 March 2021	31 March 2020	1 April 2019
Provision for employee benefits	5,051.34	4,875.46	4,674.46
	5,051.34	4,875.46	4,674.46

Disclosures as per Ind AS 19 'Employee benefits' are provided in Note 36.

25 Other current liabilities

	31 March 2021	31 March 2020	1 April 2019
Statutory liabilities	3,358.13	2,275.80	997.02
Advance from customers	688.95	605.68	641.52
Duties and taxes	168.76	147.68	137.87
Inter-unit balances	-	-	34.18
Others	193.17	374.57	277.09
Consumer's contribution for capital work-in-progress	8.65	8.65	9.17
	4,417.66	3,412.38	2,096.85

(in INR crores)

17A Details of terms and repayment schedule

Particulars	Tenor (in months)	Year of maturity	31 March 2021	31 March 2020	1 April 2019
Bonds or debentures (secured)					
731 units (31 March 2020 : 731 units; 1 April 2019: 731 units) TANGEDCO Bond Series-3/2016-17, 9.25% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	27.03.2027	73.16	73.19	73.19
400 units (31 March 2020 : 400 units; 1 April 2019: 400 units) TANGEDCO Bond Series-2/2016-17, 9.70% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	24.12.2026	41.04	41.05	41.03
500 units (31 March 2020 : 500 units; 1 April 2019: 500 units) TANGEDCO Bond Series-2/2015-16, 10.00% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	08.02.2026	50.71	50.70	50.71
5,018 units (31 March 2020 : 5,018 units; 1 April 2019: 5,018 units) TANGEDCO Bond Series-3/2014-15, 9.00% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	11.06.2025	515.53	515.62	515.53
1,000 units (31 March 2020 : 1,000 units; 1 April 2019: 1,000 units) TANGEDCO Bond Series-2/2014-15, 9.20% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	18.12.2024	1,026.21	1,026.39	1,026.21
1,000 units (31 March 2020 : 1,000 units; 1 April 2019: 1,000 units) TANGEDCO Bond Series-1/2014-15, 9.72% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	16.07.2024	1,019.44	1,019.65	1,019.17
6,263 units (31 March 2020 : 6,335 units; 1 April 2019: 6,335 units) TANGEDCO Bond Series-1/2013-14, 10.50% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	10.02.2024	635.49	642.77	642.43
612.4 units (31 March 2020 : 1,071.70 units; 1 April 2019: 1,531 units) TANGEDCO Bond Series-4/2011-12, 9.90% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	21.11.2021	63.42	111.00	158.54
148 units (31 March 2020 : 259 units; 1 April 2019: 370 units) TANGEDCO Bond Series-3/2011-12, 9.50% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	03.10.2021	15.49	27.12	38.73
2,156 units (31 March 2020 : 3,773 units; 1 April 2019: 5,390 units) TANGEDCO Bond Series-2/2011-12, 9.59% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	26.08.2021	217.53	380.76	543.81
2682 units (31 March 2020 : 4693.5 units; 1 April 2019: 6705 units) TANGEDCO Bond Series-1/2011-12, 9.70% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	07.02.2021	274.19	479.92	685.48
Nil (31 March 2020 : 161.40 units; 1 April 2019: 322.8 units) 8.65% TANGEDCO Bond Series-1/2010-11, secured, redeemable non-convertible bonds (Face value of INR 1,000,000 each)	120	07.02.2021	-	16.35	32.70
			3,932.21	4,384.52	4,827.53

(in INR crores)

Particulars	Interest rate	Tenor (In years)	31 March 2021	31 March 2020	1 April 2019
Term loans					
Secured					
a. from financial institutions					
Pradhan Mantri Gramodaya Yojana ("PMGY")	10.5% to 12%	20 years	6.10	7.35	8.64
Accelerated Power Development and Reform Programme ("APDRP")	9% to 12.5%	20 years	22.79	35.29	50.42
Rural Electrification Corporation Limited ("REC Ltd.")	10.35% to 12.75%	1 to 20 years	18,920.80	10,601.63	9,573.78
Power Finance Corporation Ltd. ("PFC")	10.3% to 12.65%	12 to 20 years	10,191.94	7,803.85	9,029.77
Housing and Urban Development Corporation ("HUDCO")	9% to 10%	15 years	488.37	667.21	893.02
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9.00%	3 to 7 years	417.63	577.32	712.43
Rajiv Gandhi Grameen Vidyutikaran Yojana ("RGGVY")	10.50%	9 years	0.68	0.75	0.03
Deen Dayal Upadhyaya Gram Jyoti Yojana ("DDUGJY")	11.00%	11 years	305.67	180.07	81.93
Integrated Power Development Scheme ("IPDS")	10.63%	15 years	484.67	413.78	356.13
Indian Renewable Energy Development Agency Limited ("IREDA")	10.34% to 11.60%	2 years	508.66	399.12	-
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - A	12%	20 years	116.32	105.11	353.72
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - B	9.75% to 11.5%	15 to 20 years	2,142.72	2,122.14	1,240.61
Rural Electrification Corporation	10% to 12%	10 to 19 years	10,996.67	10,471.55	8,003.69
Power Finance Corporation	9% to 11.29%	15 years	7,446.21	7,225.05	5,096.21
National Bank for Agriculture and Rural Development	10.75%	15 years	122.15	135.72	145.90
Housing and Urban Development Corporation	10.50%	15 years	357.31	474.83	542.69
Indian Renewable Energy Development Agency Limited	9.50%	3 years	176.33		
			52,705.02	41,220.77	36,088.97
b. from banks					
Bank of Baroda, PTC India Limited	9.45% to 10.25%	12 to 15 years	862.19	764.06	790.74
			862.19	764.06	790.74
Unsecured					
a. from banks					
Medium term loan	7% to 13%	2 to 7 years	10,250.52	10,382.29	9,275.94
			10,250.52	10,382.29	9,275.94
b. from financial institutions					
National Bank for Agriculture and Rural Development ("NABARD")	10.75%	10 years	49.23	167.36	285.50
Rural Electrification Corporation Limited ("REC Ltd.")	10.5% to 11%	7 to 11 years	6,950.31	5,355.86	2,832.82
Power Finance Corporation Ltd. ("PFC")	10.75% to 12.15%	5 to 12 years	18,964.79	14,063.66	10,645.04
Housing and Urban Development Corporation ("HUDCO")	9.75% to 12.25%	14 to 16 years	2,927.44	2,046.17	1,234.21
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9% to 11%	3 to 7 years	18,922.97	18,319.11	19,545.55
Indian Renewable Energy Development Agency Limited ("IREDA")	10.50% to 11.60%	10 years	36.76	43.88	43.88
Life Insurance Corporation of India	8.8% to 13%	15 years	58.23	108.17	174.77
			47,909.73	40,104.21	34,761.77
c. from foreign financial institutions					
GoTN (JICA)	0.55%	30 years	2,003.22	2,035.06	1,660.06
GoTN (KfW)	1.63%	15 years	496.29	497.96	528.75
GoTN (ADB)	LIBOR+0.50%	20 years	667.10	100.86	-
			3,166.61	2,633.88	2,188.81
d. from government					
Government of Tamil Nadu	0% to 10.50%	10 years	4,082.78	3,726.59	3,396.20
Ways and means	12.60% to 13.30%	10 years	1,480.35	1,157.62	64.94
Government of Tamil Nadu	0.00%	10 years	20.45	20.45	-
			5,583.58	4,904.66	3,461.14

(in INR crores)

26 Revenue from operations*

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of power - Low tension ('LT') supply	19,955.84	21,690.45
Sale of power - High tension ('HT') supply**	12,106.54	14,213.63
Transmission charges	623.94	513.53
Scheduling and system operating charges and other operating income	227.73	366.70
Government grants		
- Tariff subsidy from government	8,269.73	8,053.11
- Other revenue grants received from government	6,001.82	3,182.12
Wheeling charges	254.59	254.85
Other operational income		
- Income from other services provided to customers	1,618.35	1,010.69
- Estimate charges	237.69	147.26
- Reconnection charges	113.50	81.23
- Service connection charges	59.33	60.36
- Meter rent charges	31.12	28.57
- Miscellaneous revenue	272.41	280.55
	49,772.59	49,883.05

Disclosures as per Ind AS 115, Revenue from Contracts with Customers are provided in note 43.

27 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Recoveries from consumers*	153.56	227.56
Interest income	166.99	160.34
Liquidated damages**	356.76	378.13
Income from sale of scrap	109.31	108.55
Amortization of capital grants	4,593.85	4,572.53
Reversal of impairment on non-financial assets	2.80	5.69
Reversal of impairment on financial assets	1.94	-
Miscellaneous receipts	177.97	128.76
Interest on staff loans and advances	1.69	1.45
Other non-operating income	16.67	129.82
	5,581.54	5,712.83

* On account of COVID-19 pandemic, Ministry of Power vide Letter No. 23/22/2019-R&R Part-4 dated 06.04.2020 clarified that late payment surcharge shall apply at reduced rate for the period between 24.03.2020 to 30.06.2020 on those payments that become overdue during the period 24.03.2020 to 30.06.2020 and from 01.07.2020 onwards, the delayed payment surcharge shall be payable at the rate given in the PPA/ regulations. Accordingly, the Group has charged surcharge at the rate of 12% p.a. instead of 18% p.a. for the said period.

**includes foreign exchange gain of INR 102.66 crores

28 Cost of power purchases*

	Year ended 31 March 2021	Year ended 31 March 2020
Traders & exchanges	12,697.56	12,996.11
Central generating sources	15,730.85	12,472.37
Transmission charges	2,393.51	2,294.06
Non-conventional energy sources	4,492.24	2,907.44
Independent power producers	874.50	1,017.35
	36,188.66	31,687.33

(in INR crores)

29 Cost of power generation

	Year ended 31 March 2021	Year ended 31 March 2020
Raw materials consumed	5,473.79	8,424.10
Direct expenses at generating stations	92.58	101.84
	5,566.37	8,525.94

30 Employee benefit expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and other allowances	6,785.28	5,689.41
Contribution to provident and other funds	4,058.12	3,613.04
Staff welfare expenses	50.16	69.68
	10,893.56	9,372.13

31 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense	11,607.56	9,900.39
Other borrowing costs	580.44	350.44
Discount on issue of bonds	171.95	111.77
Interest paid on contribution to provident and other funds	135.26	68.29
	12,495.21	10,430.89

32 Depreciation and amortization expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 4(a))	5,368.72	5,207.20
	5,368.72	5,207.20

(in INR crores)

33 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Repairs and maintenance		
- Plant & Machinery	574.36	570.84
- Buildings and civil works	42.60	35.75
- Vehicles	6.67	4.37
- Furniture	0.66	0.11
- Office Equipment	5.92	4.70
- Lines, cables and networks	5.12	4.86
- Others	1.03	0.92
Security charges	124.68	95.77
Net loss on foreign exchange fluctuation	98.18	290.98
Travelling and conveyance	75.87	84.11
Legal and professional charges	41.23	19.20
Office related expenses	37.08	32.09
Electricity charges	26.42	25.63
Rates and taxes	25.13	13.43
Telephone and communication	18.70	15.76
Bad debts written off	15.20	6.27
Rent	50.85	12.59
Freight charges	11.91	9.79
Stores related expenses	10.93	5.48
Provision For bad and doubtful debts	1.43	
Insurance	1.93	1.65
Audit Fees (refer Note 32(i))	0.48	0.70
Impairment of financial assets	-	58.52
Miscellaneous expense	134.27	(17.33)
	1,310.65	1,276.19

(i) Payment to auditors

	Year ended 31 March 2021	Year ended 31 March 2020
As auditor:		
Statutory audit fees	0.40	0.43
Tax audit fees	0.01	0.11
Other services	0.00	0.08
Reimbursement of expenses	0.07	0.08
	0.48	0.70

34 Tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Deferred tax (refer note 37)	-	-
	-	-

(in INR crores)

35 Earnings per share

The shares issued by the Company are non-dilutive in nature. Hence, the Company's basic and diluted earnings per share are same.

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

i. Profit (loss) attributable to equity shareholders (basic and diluted)

	Year ended 31 March 2021	Year ended 31 March 2020
Profit (loss) for the year, attributable to the owners of the Company	(16,322.74)	(10,713.02)

ii. Weighted average number of equity shares (basic and diluted)

	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance of issued equity shares	25,37,59,43,714	24,61,23,45,514
Effect of fresh issue of shares	-	21,33,40,483
Closing balance of issued equity shares	25,37,59,43,714	24,82,56,85,996
Weighted average number of equity shares for the year	25,37,59,43,714	24,82,56,85,996
Basic and diluted earnings per share (in INR)	(6.43)	(4.32)

(in INR crores)

36 Assets and liabilities relating to employee benefits

	Non-Current			Current		
	31 March 2021	31 March 2020	1 April 2019	31 March 2021	31 March 2020	1 April 2019
Provision for employee benefits:						
Provision for gratuity	2,499.93	2,411.62	2,279.56	144.45	42.13	49.40
Provision for staff pension	33,769.89	35,114.53	30,527.27	4,554.81	4,736.17	4,554.81
Liability for compensated absences	4,948.19	4,098.94	3,901.11	352.07	97.15	70.25
	41,218.01	41,625.09	36,707.94	5,051.33	4,875.45	4,674.46
Employee benefits liability:						
Contributory pension scheme	2,886.69	2,499.90	2,023.37	35.79	35.81	33.34
	2,886.69	2,499.90	2,023.37	35.79	35.81	33.34
Total employee benefit liabilities	44,104.70	44,124.99	38,731.31	5,087.12	4,911.26	4,707.80

A Defined contribution plan

Employees who have joined the Group on or after 1 April 2003 are covered under contributary pension scheme. The Group makes contributions to the extent of amount not exceeding 10% of basic pay and dearness allowance, in respect of qualifying employees. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to pension fund for the year aggregated to INR 215.11 crores (2019-20: INR 207.46 crores).

B Defined benefit plan

i. Gratuity:

The Group operates post-employment defined benefit plans that provide gratuity for those employees joined on or after 1 April 2003. The gratuity plan entitles an employee, who has rendered at least five years of continuous service (not applicable in case of death/disability), to receive 15 days of salary for each year or part thereof in excess of six months of completed service at the time of retirement/exit.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

a) Changes in the present value of the defined benefit obligation

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	2,453.75	2,328.96
Current service cost	119.37	111.81
Interest cost	143.42	133.36
Actuarial (gains) losses on obligations - due to change in demographic assumptions	(138.15)	(287.70)
Actuarial (gains) losses on obligations - due to change in financial assumptions	-	-
Actuarial (gains) losses on obligations - due to experience	7.23	182.69
Present value of benefit obligation at the end of the year	58.76	(15.37)
	2,644.38	2,453.75

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2021	31 March 2020
Current service cost	119.37	111.81
Net interest cost	143.42	133.36
Expenses recognized	262.79	245.17

c) Expenses recognized in the other comprehensive income (OCI)

Particulars	31 March 2021	31 March 2020
Actuarial (gains) losses on obligation for the year	65.99	167.33
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	65.99	167.33

ii. Pension:

The Group operates post-employment defined benefit plans that provide pension for those employees joined before 1 April 2003. The pension plan entitles an employee, who has rendered at least ten years of continuous service, to receive 15 day's of salary for each year or part thereof in excess of six months of completed service at the time of retirement/exit.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

a) Changes in the present value of the defined benefit obligation

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	39,850.70	35,082.08
Current service cost	1,757.43	1,993.12
Interest cost	1,668.31	1,035.32
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	(2,958.45)	(3,290.50)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	-	-
Actuarial (gains)/ losses on obligations - due to experience	(91.74)	4,828.36
Present value of benefit obligation at the end of the year	(1,901.53)	202.32
	38,324.70	39,850.70

(in INR crores)

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2021	31 March 2020
Current service cost	1,757.43	1,993.12
Net interest cost	1,668.31	1,035.32
Expenses recognized	3,425.73	3,028.44

c) Expenses recognized in the Other Comprehensive Income ('OCI')

Particulars	31 March 2021	31 March 2020
Actuarial (gains)/ losses on obligation for the year	(1,993.28)	5,030.68
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	(1,993.28)	5,030.68

iii. **Family security fund:**

The Group operates post-employment defined benefit plans that provide insurance. The insurance plan entitles an employee, who has contributed a minimum amount for minimum period, the Group will pay the immediate family an fixed amount on the death of the employee. The Group has not undertaken a separate actuarial valuation in respect of this scheme and has included it as part of pension.

C **Actuarial assumptions are as under**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Discount rate (per annum)	7.77%	7.11%	6.73%	6.90%
Rate of salary increase	5.00%	5.00%	5.00%	5.00%
Rate of employee turnover	1.00%	1.00%	1.00%	1.00%
Mortality rates*				

*Mortality rate for pension is based on LIC (a) (1996-1998)
Mortality rate for gratuity is based on Indian Assured Lives Mortality (2012-14)

ii. **Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Projected benefit obligation on current assumptions:				
Delta effect of +1% change in discount rate	(97.33)	(3,254.75)	(107.75)	(2,997.60)
Delta effect of -1% change in discount rate	106.03	3,832.92	117.63	4,372.27
Delta effect of +1% change in rate of salary increase	77.64	578.30	91.03	988.06
Delta effect of -1% change in rate of salary increase	(79.65)	541.80	(92.21)	(852.81)
Delta effect of +1% change in rate of employee turnover	5.44	(252.94)	5.81	(251.06)
Delta effect of -1% change in rate of employee turnover	5.75	287.44	(6.13)	306.85
Delta effect of +1% change in rate of employee mortality rate	0.19	578.70	0.19	589.79
Delta effect of -1% change in rate of employee mortality rate	(1.32)	(529.76)	(1.10)	(482.19)

(in INR crores)

37 Income Tax

A Amounts recognized in the Statement of Profit and Loss

	31 March 2021	31 March 2020
Current tax	-	-
Deferred tax expense/ (income)	(1,697.28)	(1,021.84)
Reversal of Deferred tax expense/ (income) (refer note B below)	1,697.28	1,021.84
Tax expense for the year	-	-

B Movement in deferred tax balances

	31 March 2021			
Particulars	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	15,970.02	(719.51)	-	15,250.51
Other Ind AS adjustments	3,028.03	489.17	-	3,517.20
	18,998.05	(230.34)	-	18,767.71
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(38.97)	15.31	-	(23.66)
Remeasurement gain on defined benefit obligation	(1,621.78)		2,223.09	601.31
Provision on employee benefits	(13,312.73)	450.96	-	(12,861.77)
Carry forward losses	(42,156.11)	(1,538.37)	-	(43,694.48)
Other remeasurements including prior period corrections	(1,342.29)	(394.84)		(1,737.13)
			-	
	(58,471.88)	(1,466.94)	2,223.09	(57,715.73)
Net tax (assets) / liabilities	(39,473.83)	(1,697.28)	2,223.09	(38,948.02)

	31 March 2020			
Particulars	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	15,590.55	379.47	-	15,970.02
Other Ind AS adjustments	2,786.50	241.53	-	3,028.03
	18,377.05	621.00	-	18,998.05
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(39.43)	0.46	-	(38.97)
Remeasurement gain on defined benefit obligation	-		(1,621.78)	(1,621.78)
Provision on employee benefits	(12,121.63)	(1,191.11)	-	(13,312.73)
Carry forward losses	(41,376.22)	(779.89)	-	(42,156.11)
Other remeasurements including prior period corrections	(1,669.99)	327.70		(1,342.29)
			-	
	(55,207.27)	(1,642.84)	(1,621.78)	(58,471.88)
Net tax (assets) / liabilities	(36,830.22)	(1,021.84)	(1,621.78)	(39,473.83)

*The Group has recognized deferred tax asset only to the extent of deferred tax liability. Since the deferred tax asset is more than deferred tax liability and there is no probable future taxable profits which will be available against which such net deferred tax asset shall be utilized, the Group has not recognized any deferred tax assets in its books.

(in INR crores)

38 Disclosure as per Ind AS 116

(A) Group as Lessee

The Group's significant leasing transactions are in respect of the following assets:

(a) Lease of land in Tuticorin Port Trust for construction of Thermal power plant, additional road, TTPS guest house, residential quarters for employees, internal coal handling system for stage III expansion and cooling water system. The lease term is for a period of 30 years which can be further extended at mutually agreed terms subject to escalation of lease rentals.

(b) The Group has leasehold land arrangements for 99 years with notional lease payments of INR 1 per annum or in some cases, the Group incurs only maintenance charges in respect of the land while no lease payments are actually made for such assets. Premises for residential use of employees on lease for a period of 3 years which can be renewed on mutually agreeable terms. The lessor generally incurs amount on improvements, repairs and maintenance.

(c) The subsidiaries of the Company are currently using land and building belonging to the Company for its head office and branch offices on free of cost basis.

(B) Group as Lessor

(a) Operating Leases

The Group had entered into agreement with NTECL granting the right to use land in Vallur for construction of township for the employees of NTECL and land situated in NCTPS for occupation of permanent structures i.e., coal conveyor, make up water pipeline corridor and make up water pump house. The Group has classified and accounted for this arrangement as operating lease based on the principles enunciated in para 61 of Ind AS 116. The lease term is for a period of thirty years from the date of transfer.

The Group also provides accommodation to employees in the case of transfer to another location or for the employees working in remote locations. The accommodation can be used by these employees during their tenor of employment and the Group charges rent for the same. The rental amount is determined based on the house rent allowance applicable to the employees. The Group has classified this arrangement as operating lease based on the principles enunciated in para 62 of Ind AS 116.

The following are the amounts recognized in Statement of Profit and Loss:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Lease income	2.64	3.06
Income relating to variable lease payments not dependent on index or rate	-	-

Management to confirm the language

(in INR crores)

Financial Instruments Disclosures

39 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital and it manages its capital to ensure that it will be able to continue as going concern while attaining breakeven through optimized utilization of capital.

The Group determines the amount of capital required on the basis of annual master planning, budgeting and corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and long-term borrowings.

The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The capital structure is as follows:

Particulars	31 March 2021	31 March 2020	1 April 2019
Total liabilities	2,87,630.58	2,60,538.27	2,29,622.13
Less: Cash and cash equivalents	4,535.57	2,372.04	1,369.55
Adjusted net debt (A)	2,83,095.01	2,58,166.23	2,28,252.58
Total equity (B)	(1,19,465.74)	(1,05,070.76)	(89,554.00)
Gearing Ratio (A/B)	(2.37)	(2.46)	(2.55)

40 Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Trade receivables	-	-	7,318.94	-	-	6,672.80
Cash and cash equivalents	-	-	4,535.57	-	-	2,372.04
Other Financial assets	-	-	10,687.79	-	-	8,183.58
Total assets	-	-	22,542.30	-	-	17,228.42
Financial liabilities						
Borrowings	-	-	1,67,860.50	-	-	1,39,896.68
Trade payables	-	-	31,541.20	-	-	31,022.87
Other Financial liabilities	-	-	22,406.76	-	-	21,767.75
Total liabilities	-	-	2,21,808.46	-	-	1,92,687.30

Particulars	1 April 2019		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Trade receivables	-	-	6,162.72
Cash and cash equivalents	-	-	1,369.55
Other Financial assets	-	-	5,863.98
Total assets	-	-	13,396.25
Financial liabilities			
Borrowings	-	-	1,19,650.52
Trade payables	-	-	26,074.73
Other Financial liabilities	-	-	19,663.98
Total liabilities	-	-	1,65,389.23

41 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For all of the Group's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

42 Financial risk management

The Group's risk management activities are managed, directed and controlled by the Board of Directors of the Company. The Management ensures appropriate risk governance framework for the Group through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group's principal financial liabilities, comprises of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include investments, trade and other receivables, and cash and cash equivalents.

Management to confirm the language

(in INR crores)

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Risk	Exposure arising from	Management
Credit Risk	Trade receivable, unbilled revenue, cash and cash equivalents and other financial assets	The Group is a significant power generator and sole distributor of power in the state of Tamil Nadu, whose services are provided to various category of consumers. There are certain Generators utilizing open access facility to the HT consumers in which case TANGEDCO does not have any collection responsibility. The Group has robust collection and as a means of mitigating the risk of financial losses from default, the Group collects security deposits in proportion to average current consumption charges of HT and LT category of customers. In case receivables overdue beyond the contracted period, the service gets terminated and dues are appropriated from the available security deposit of the respective customer. The Group is also the sole power transmission entity in the state of Tamil Nadu. Its services are provided predominantly to the entities within the Group. The Group has robust collection mechanism and hence do not foresee any risk on collections. Further, other financial assets comprises security deposits collected, employee loans, unbilled revenue and subsidy receivable from government which is provided through budget. The cash and cash equivalents of the Group are held with creditworthy financial institutions. Based on the above, the Group's exposure to credit risk is minimal. Accordingly, the has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total
Market risk - foreign currency risk	Financial liabilities denominated in foreign currency	The Group has only limited exposure to foreign currency currently, as the project liability are funded from reputed financial institutions and settled at regular due dates. Hence the group does not have any material risk on account of foreign exchange fluctuations.
Market risk - interest rate risk	Interest rate risk on borrowings	The borrowings of the Group though are primarily at fixed rate of interest which resets are specified intervals and hence the Group is exposed to limited interest risks in this regard. Further, the Group regularly monitors its borrowing arrangements with all its lenders to ensure that the Group gets funding at the prevailing market rates. The Group is taking measures to improve its credit rating and thereby bringing down its cost of borrowing.
Liquidity Risk	Borrowings and other liabilities	The Group's board regularly monitors the liquidity position of the Group and takes proactive measures to ensure that the Group meets all business and financial commitments are on time. Further, the Group has credit lines with reputed financial institutions to mitigate any unplanned events. The Group's sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. The Group does not maintain plan assets in respect of the employee benefits liability. Since the Group's employee benefit schemes are unfunded, the Group bears liquidity risk to this extent. Further, the GoTN sanctions funding towards certain portion of losses incurred by the Group which helps the Group in mitigating liquidity risk.

Management to confirm the language

(in INR crores)

A Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions. Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans and other financial instruments. For banks, only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

Exposure to credit risk

Impairment losses on financial assets recognized in profit or loss were as follows.

Particulars	31 March 2021	31 March 2020	1 April 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)	-	-	-
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)	186.62	170.00	251.69
Non- current financial assets			
(i) Other financial assets	56.58	58.50	-
	243.20	228.50	251.69

(i) Provision for expected credit losses (ECL)

a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Group has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, the Group has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total trade receivable.

b) Financial assets for which loss allowance is measured using life time expected credit losses

The Group has customers (including State government entities) with capacity to meet the obligations and therefore the risk of default, loss given default is negligible since the Group receives security deposit from customers which is available for set off against outstanding dues. Further, in the view of the Group dues are collectible in full and hence, the Group has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total trade receivable.

(ii) Ageing of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Not due	0-30 days	31-60 days	61-90 days	91-180 days	181 - 365 days	more than 365 days
Gross carrying amount as at 31 March 2021*	2,920.11	232.71	79.77	69.53	165.50	421.59	1,621.18
Gross carrying amount as at 31 March 2020*	2,679.86	175.32	83.95	147.20	246.38	343.18	1,167.44
Gross carrying amount as at 1 April 2019*	2,820.86	257.85	86.49	147.47	254.56	350.53	498.77

*Trade receivables includes unreconciled receivables from HT and LT customers amounting to INR 65.49 crores and INR 1,932.39 crores respectively, for which the Group is in the process of undertaking clean-up activity to reconcile the amounts as per the books of accounts.

Management to confirm the language

(in INR crores)

B Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors the net liquidity position on the basis of expected cash flows vis-a-vis debt service fulfilment obligation. The Group has sufficient liquidity to meet its obligations. The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities/limits. The Group ensures that, it has sufficient liquidity to meet its expected operational expenses including servicing of financial obligations. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021, 31 March 2020 and 1 April 2019:

Particulars	31 March 2021				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	1,591.61	18,717.76	39,796.21	33,157.24	31,147.03
Short term borrowings*	-	43,450.64	-	-	-
Trade payables*	-	31,541.20	-	-	-
Other financial liabilities*	-	22,406.76	-	-	-

Particulars	31 March 2020				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	3,444.71	14,492.44	36,969.95	32,099.97	17,387.33
Short term borrowings*	-	35,502.29	-	-	-
Trade payables*	-	31,022.87	-	-	-
Other financial liabilities*	-	21,767.75	-	-	-

Particulars	1 April 2019				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	1,464.80	7,364.57	30,361.15	30,334.84	21,869.55
Short term borrowings*	-	28,255.62	-	-	-
Trade payables*	-	26,074.73	-	-	-
Other financial liabilities*	-	19,663.98	-	-	-

The Group is in the process of undertaking clean-up activity to reconcile the amounts as per the books of accounts. Hence, the Group has disclosed the maturities of financial liabilities under the 6-12 months bucket.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. The analysis exclude the impact of movements in market variables on the carrying values of post-retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Group's borrowings and investments are primarily at fixed rate, which do not expose it to significant interest rate risk. Refer above for the mitigating factors towards interest rate risk.

Currency risk

The Group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than Group's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. Refer above for the mitigating factors towards foreign currency risk.

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

Particulars	31 March 2021		31 March 2020		1 April 2019	
	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores
Foreign currency liabilities						
In USD	12.23	897.74	4.68	352.94	-	-
In EURO	7.82	672.53	7.91	657.60	7.12	555.19
In JPY	3018.71	2003.22	2908.07	2035.07	2652.07	1660.07

Other market price risk

The Group does not have any financial asset/liability which has a quoted market price available and hence there is no market price risk involved.

(in INR crores)

43 Disclosure as per Ind AS 115, 'Revenue from contracts with customers'

A Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition. However, the Group does not disaggregate revenue between generation and distribution.

Particulars	Transmission of power		State Load Dispatch Center ('SLDC')		Total	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Transmission charges	2,895.04	2,798.21	-	-	2,895.04	2,798.21
Scheduling and system operating charges and other operating income	193.76	329.31	33.97	37.39	227.73	366.70
Total revenue from operations	3,088.80	3,127.52	33.97	37.39	3,122.77	3,164.91

B Contract balances

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are transferred to unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The following table provides information about trade receivables, unbilled revenue and advances from customers / payable to beneficiaries:

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Current	Non-current	Current	Non-current
Trade receivables	7,318.94	-	6,672.80	-
Unbilled revenue	1,341.80	-	1,403.81	-
Advance from customers	218.83	-	193.72	-

44 Information in respect of micro and small enterprises as at 31 March 2021 as required by Schedule III of Companies Act, 2013 and Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	31 March 2021	31 March 2020	1 April 2019
Principal amount remaining unpaid	76.43	89.43	74.90
Interest due thereon*	0.72	0.72	0.72
The amount of Interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest due and payable for the year	-	-	-
The amount of interest accrued and remaining unpaid	-	-	-
The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-	-

* The Group has defaulted in the payment to MSME vendors within the stipulated time under the MSME Act. However, the interest liability on account of belated payment could not be assessed by the Group for the purpose of the above disclosure.

45 Corporate Social Responsibility Expenses (CSR)

As per Section 135 of the Companies Act, 2013, the Group is required to spend, in every financial year, at least two per cent of the average net profits of the Group made during the three immediately preceding financial years in accordance with its CSR Policy. Since the Group incurred loss during the three immediate preceding financial years for FY 2019-20 and FY 2020-21, no CSR expenditure was incurred by the Group for both the years.

(in INR crores)

46 Related parties

i) Parent and ultimate controlling party

Government of Tamil Nadu is the parent and the ultimate controlling party of the Company

ii) Key Managerial Personnel and their relatives

Chairman cum managing director

Pankaj Kumar Bansal - Chairman cum Managing Director (from 08 June 2020 to 17 May 2021)

Directors

Tmty. M.A. Helen - Director (Distribution) (from 01 December 2016 to 27 May 2021)
Thiru. R. Ethiraj - Director (Generation) (from 24 October 2019 to 27 May 2021)
Thiru. K. Sundaravadhanam - Director (Finance) (from 24 September 2018 to present)
Thiru. S. Shanmugam - Part time Director /TG (from 01 March 2016 to present)
Thiru. S. Krishnan, I.A.S ., Additional Chief Secretary to Govt (Finance Department) - Director (Ex-Officio) (from 01 July 2019 to 06 November 2021)
S.K. Prabakar, I.A.S., Principal Secretary to Govt (Energy Department) - Director (Ex-Officio) (from 08 June 2020 to 26 May 2021)
Tmty. E.Sundaravalli, I.A.S., Additional Secretary to Govt (Industries Department) - Director (Ex-Officio) (from 07 June 2020 to 23 September 2020)
Tmty. V.Amudavalli, I.A.S., Additional Secretary to Govt (Industries Department) -Director (Ex-Officio) (from 23 September 2020 to 05 August 2021)

Company secretary

D. Suresh Kumar (from 20 June 2020 to 31 March 2021)

Entities under the control of the same government

The Group has entities which are State Public Sector Undertaking (SPSU) controlled by Government of Tamil Nadu by holding majority of shares in the Company. Pursuant to Paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. Transactions with these parties are carried out at market terms at arm length basis. The Group has applied the exemption available for government related entities and have made disclosures accordingly in the consolidated financial statements.

b. Transactions with key management personnel

i. Key management personnel compensation*

	Transaction value	
	Year ended 31 March 2021	Year ended 31 March 2020
Short-term employee benefits	2.05	1.86
Post-employment defined benefit	-	0.02
Other long term benefits	0.29	0.28
Termination benefits	-	0.45
Sitting fees	-	-
	2.34	2.61

*Does not include post employment benefits and other long term employee benefits based on actuarial valuation since the actuarial valuation is undertaken for the entities in the Group as a whole.

(in INR crores)

c. Transactions with the related parties under the control of the same government

Name of the related party	Nature of transaction by the Company	Year ended 31 March 2021	Year ended 31 March 2020
Tamilnadu Power Finance Corporation (TNPFC)	Loan Sanction, disburse and settlement	29,170.79	29,191.15
Poombukar Shipping Corporation (PSC)	Chartering of Ships, bunkering port handling charges of Coal Indigenous	289.67	461.92
		29,460.46	29,653.07

d. Outstanding balances including commitments with related parties are as follows

Name of the related party	Nature of relationship	31 March 2021	31 March 2020	1 April 2019
Suboth Kumar	Joint managing director	-	0.26	-
S. Vineeth	Joint managing director	0.32	0.34	-
Prashant M. Wadnere	Joint managing director	-	-	-
Pankaj kumar bansal	Chairman cum managing director	0.09	-	-
		0.41	0.60	-

e. Details of any guarantees given or received

The Group has taken guarantee from GoTN for certain term loans and non-convertible bonds issued on private placement basis. The GoTN charges a guarantee fee of 0.5% p.a. on the outstanding guaranteed amount once in every half year.

The Group has also taken guarantee from State Bank of India with respect to the arbitration dispute against Videocon Power Limited amounting to INR 128 crores as per the directions of the Registrar General of the Madras High Court. The Group pays a guarantee fee of around 3.8% p.a. to the State Bank of India on the guaranteed amount.

f. Terms and conditions of transactions with the related parties:

Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

The information provided above are not exhaustive since the Group has adopted Ind AS financials for the first time during FY 2020-21. Further, the Group is in the process of collating all the relevant data required to be disclosed in its financials as required under Ind AS 24 Related Party Transactions.

(in INR crores)

Management to confirm

47 Operating segments

A. Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segments and assess their performance. The Board of Directors is considered to be the Chief Operating Decision Maker (CODM) within the purview of Ind AS 108 *Operating Segments* .

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. These business units offer different services and are managed separately. For each of the business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the reportable segments:

Reportable segment	Operations
Generation of power	Comprises of generation of power from hydroelectric sources and thermal sources (coal, gas and oil) from plants owned and related ancillary services.
Distribution of power	Sale of power to high tension and low tension customers through distribution network and related ancillary services.
Transmission of power	Transmission of power to high tension customers through distribution network and related ancillary services.
State Load Dispatch Centre (SLDC)	Scheduling, system operations, evaluation of generators' applications regarding grid connectivity

Information about reportable segments

Particulars	31 March 2021			31 March 2020		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment revenue						
External revenue (nature of revenue)		48,920.92	48,920.92	-	49,002.82	49,002.82
Revenues from transactions with other operating segments of the same entity (Inter-segment revenue)	9,228.16	-	9,228.16	10,735.30	-	10,735.30
Other income	79.21	5,115.27	5,194.48	106.41	5,006.23	5,112.64
Total segment revenue	9,307.37	54,036.19	63,343.56	10,841.71	54,009.05	64,850.76
Segment expense						
Cost of power generation	5,564.76	1.61	5,566.37	8,525.89	0.05	8,525.94
Cost of power purchase	-	38,459.76	38,459.76	-	33,972.01	33,972.01
Expenses from transactions with other operating segments of the same entity (Inter-segment expense)	-	9,228.16	9,228.16	-	10,735.30	10,735.30
Employee benefit expenses	925.79	3,387.47	4,313.26	343.16	2,537.01	2,880.17
Finance costs	4,306.54	6,586.42	10,892.96	4,274.81	4,648.02	8,922.83
Depreciation and amortization	1,741.43	2,135.49	3,876.92	1,851.98	1,940.33	3,792.31
Other expenses	776.63	340.87	1,117.50	769.41	208.39	977.80
The Company has no contingent liabilities as	13,315.15	60,139.78	73,454.93	15,765.25	54,041.11	69,806.36
Total segmental results	(4,007.78)	(6,103.59)	(10,111.37)	(4,923.54)	(32.06)	(4,955.60)
Add/(Less): Unallocable income/(expense) (net)*	-	-	(6,211.37)	-	-	(5,757.42)
Segment profit (loss) before income tax						
- Current tax	-	-	-	-	-	-
- Deferred tax	-	-	-	-	-	-
Profit after tax	(4,007.78)	(6,103.59)	(16,322.74)	(4,923.54)	(32.06)	(10,713.02)

(in INR crores)

Other Information

Particulars	31 March 2021			31 March 2020		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment assets	55,786.21	73,194.76	1,28,980.97	49,974.76	68,590.56	1,18,565.32
Unallocated corporate and other assets*	-	-	39,183.87	-	-	36,902.19
Total assets	55,786.21	73,194.76	1,68,164.84	49,974.76	68,590.56	1,55,467.51
Segment liabilities	79,112.85	1,28,161.71	2,07,274.56	64,099.72	1,19,766.69	1,83,866.41
Unallocated corporate and other liabilities*	-	-	80,356.02	-	-	76,671.86
Total liabilities	79,112.85	1,28,161.71	2,87,630.58	64,099.72	1,19,766.69	2,60,538.27

*TANTRANSCO is in the process of collating all the relevant data required to be disclosed in its financials as required under Ind AS 108 Operating segments and hence has been included in unallocable portion.

B. **Information about geographical areas**

The geographical information analyses the Group's revenues and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of customers and non-current assets have been based on the geographical location of the assets. Since the Group is in the business of generation, distribution and transmission of power within the state of Tamil Nadu, all revenue are domestic and all non-current assets are situated in India only.

(in INR crores)

48 **Disclosure as per Ind AS 21 'The Effects of Changes in Foreign Exchange Rates'**

The amount of exchange differences (net) resulting in a gain is credited to the Consolidated Statement of Profit and Loss during the year is INR 4.48 crores (31 March 2020: loss debited to Consolidated Statement of Profit and Loss is INR 290.98 crores).

49 **Disclosure as per Ind AS 23 'Borrowing Costs'**

Borrowing costs capitalized during the year is INR 4,070.58 crores (31 March 2020: INR 3,354.36 crores).

50 List of Subsidiaries

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest (in %)		
		31 March 2021	31 March 2020	1 April 2019
Tamil Nadu Generation and Distribution Corporation Limited	India	100	100	100
Tamil Nadu Transmission Corporation Limited	India	100	100	100
Udangudi Power Corporation Limited	India	100	100	100

51 Impact of COVID-19

India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic. Majority of Group's business includes generation ,distribution and transmission of power in the state of Tamil Nadu. Considering power generation distribution and transmission being an essential service, management believes that there is not much of an impact likely due to this pandemic on the business of the Group.

The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Group has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc. and is of the view that based on its present assessment, this situation does not materially impact the operations.

The Group believes that the impact due to the outbreak of COVID-19 is likely to be short-term in nature and does not anticipate any medium to long-term risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Impact assessment of COVID-19 is a continuing process considering the uncertainty involved thereon. The Group will continue to closely monitor any material changes to the future economic conditions.

(in INR crores)

52 Commitment and contingent liabilities

S.No.	Particulars	Amount
I	Contingent liabilities	
	Claims against the Group not acknowledged as debts in respect of:	
1	Income tax disputes	8.81
2	Excise duty, service tax and customs duty related disputes	43.95
3	Various government disputed dues related to state/ central department or authorities	975.56
4	Pending resolution of disputes with various suppliers and contractors	6,739.68
5	Other disputes including claims relating to employees/ ex-employees	49.92
	Total	7,817.92
II	Commitments	
1	Estimated amount of contracts remaining to be executed (including projects) on capital account and not provided for	23,058.74

Notes:

1 Relates to short deduction of TDS, penalty, late filing fees etc., which are pending resolution from the Income Tax department.

2 Relates to disputes involving applicability of GST on liquidated damages, training fees, disposal of fly ash etc., which is pending resolution with the Customs Excise and Service Tax Appellate Tribunal ('CESTAT'). Further, the Group has disputes amounting to INR 5.37 crores in respect of determination of transaction value of imported goods under the Customs Act, 1962 which is pending before Deputy Commissioner of Customs.

3 Includes water cess, property tax and demand for unpaid lease on use of land pertaining to forest department which are pending settlement with the concerned government authorities/ local bodies.

4 Includes disputes with various suppliers and contractors pertaining to billing disputes, interest on delayed payment of consideration; claim on liquidated damages etc., Further, the Group has various appeals before filed various the Appellate Tribunal for Electricity ('APTEL') for finalization of capital cost.

5 Includes disputes before labor court relating demand of Employees State Insurance contribution, disputes in the recovery of employees provident fund contributions from contract labourers, dispute in the payment of wage arrears to contract labourers etc.,

The Group has Income Tax disputes for various Assessment Years from Assessment Year 2011-12 to 2017-18 which do not have any implication of Income tax demands and consequently no provision is required to be made in the books of account. Also, against the said disputes, the Group has preferred appeals to CIT(Appeals) and Income Tax Appellate Tribunal for which proceedings are pending as at the year end. For Assessment years 2019-20 and 2020-21, assessment is yet to be completed.

The Group during FY 2020-21 has filed its annual return pertaining to FY 2018-19 and acknowledged a GST liability of INR 52.88 crores. However, the same has not been provided in the books of accounts. The Group is in the process of ascertaining the GST liability if any for the subsequent periods, including transfer of assets between the Group and its fellow subsidiary, if any, and pending completion of the said process, no liability has been provided in the books.

(in INR crores)

53 Amount receivable from government towards determination of tariff

The Tamil Nadu Electricity Regulatory Commission ('TNERCs') (Terms and Conditions for Determination of Tariff) Regulations 2005, Notification No. TNERC/TR/5/2 dated 24.06.2005 defines Regulatory Assets as "Whenever the licensee could not fully recover the reasonably incurred cost at the tariff allowed with his best effort after achieving the benchmark standards for the reasons beyond his control under natural calamities and force majeure conditions and consequently there is a revenue shortfall and the Commission is satisfied with such conditions, the TNERC shall treat such revenue shortfall as Regulatory Asset".

In various tariff petitions filed before the TNERC during the year 2010 to 2015, TANGEDCO has prayed to consider the unrecovered portion of losses as regulatory assets to be amortized over a period of 5 years. The aggregate gap for the financial year 2010-11 alone was finally trued up in the tariff order no. 1 dated 20.06.2013 and a sum of INR 4,050 Crores has been approved as Regulatory assets. For amortization of regulatory assets, the GoTN has given in principle approval vide letter dated 07.06.2013, for considering the take over INR 6,353.49 crores of loans takeover under FRP.

The TNERC completed the true-up for FY 2011-12 to FY 2015-16 and arrived regulatory asset of INR 30,884.15 crores and for FY 2016-17, provisional regulatory asset was arrived at INR 2,864.47 crores. In the tariff order no. 1 of 2017 dated 11.08.2017, the TNERC amortized the regulatory asset amount against the loan of INR 22,815 crores taken over by GoTN under UDAY.

However, the loan taken amounting to INR 22,815 crores under UDAY is converted as grants of equal instalments amounting to INR 4,563 crores over 5 years till FY 2021-22. Therefore, amortization of regulatory assets could be done to the extent of grants sanctioned, every year and accordingly, the UDAY grants of INR 4,563 crores has been amortized during FY 2017-18 to FY 2020-21.

The status of creation of regulatory assets, amortization, remaining regulatory assets, balance accumulated losses every year as per the orders of the TNERC are tabulated below:

Year	Accumulated losses	Regulatory asset approved by TNERC		Amortization of regulatory asset	Remaining regulatory asset to be amortized	Remaining accumulated losses to be carried forward
		Tariff order	Amount			
2013-14	(52,466.00)					(52,466.00)
2014-15	(62,203.00)	Suo Moto no.9/ dated 11.12.2014	(4,050.00)	1,000.00	(3,050.00)	(59,153.00)
2015-16	(58,840.00)			1,000.00	(2,050.00)	(56,790.00)
2016-17	(61,178.00)			2,000.00	(50.00)	(61,128.00)
2017-18	(70,992.00)	T.P.No.1 of 2017/ dated 11.08.2017	(33,749.00)	4,563.00	(29,236.00)	(41,756.00)
2018-19	(84,573.00)	TNERC yet to issue order		4,563.00	(24,673.00)	(59,900.00)
2019-20	(97,468.00)			4,563.00	(20,110.00)	(77,358.00)
2020-21	(1,11,820.00)			4,563.00	(15,547.00)	(96,273.00)

When the tariff order issued for 2018-19 and 2019-20, further amortization of regulatory assets and remaining to be carried forward could be assessed.

Ind AS 114, *Regulatory Deferral Accounts*, permits the Group to apply the requirements of this standard in its first Ind AS financial statements if and only if it conducts rate regulated activities and recognized amounts that quality as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. As the Group had consistently elected not to recognize the regulatory deferral balances in its previous GAAP, the requirement of Ind AS 114 does not apply to the Group.

(in INR crores)

54 The Board of TANGEDCO in the 66th Board meeting held on 02.12.2016 has approved for creation of corpus fund, initially with a contribution of INR 20 Crores per month for the purpose of the pension commitment of the company. The Board of TANGEDCO in its 75th Board Meeting dt.10.01.2018 ratified the enhancement of contribution from INR 20 Crores to INR 50 Crores from April 2017 to October 2017 and INR 100 Crores from November 2017 onwards. Accordingly, a dedicated account for the fund and other formalities related with creation of Corpus Fund were initiated. During the year 2018-19, though contribution of INR 1200 crores was booked, only INR 100 crores has been invested in the deposit account. During the year 2019-20, only provision INR 1200 crores has been created, (vide Journal voucher number 19 of Ist Supplemental accounts) no amount invested in this year. During the year 2020-21, provision INR 1200 crores has been created, (vide Journal voucher number 14 of Ist Supplemental accounts) no amount invested in this year. In the Total deposit INR 1430.88 cores, INR 830.88 crores deposit are renewed as Cumulative deposit for a further period of 3 yeaINR Hence the deposit amount increased from 1430.88 to 1445.63 for this Financial year 2020-21 The interest realized in the Investment of TANGEDCO through non cumulative Pension Corpus fund are not reinvested.

The details of deposits made in TNPFC Ltd, rate of interest and interest received are tabulated below.

Sl.No.	Financial Year	Amount Deposited	Cumulative Amount Deposited	Rate of Interest	Interest received
1	2016-17	INR 80.00	INR 80.00	8.84%	INR 0.88
2	2017-18	INR 1250.88	INR 1330.88	8.84%	INR 53.88
3	2018-19	INR 100.00	INR 1430.88	8.84%	INR 126.24
4	2019-20	-	INR 1430.88	8.84%	INR 125.61
5	2020-21	-	INR 1430.88	8.84% upto 24.08.2020 (146 days), 8.24 upto 31.12.2020 (129 days), 7.75 from 01.01.2021(90 days)	INR 118.02

55 The employees of the erstwhile Kumbakonam, Thirumayam and Vandavasi Rural Electricity Co-operative Societies were absorbed in TNEB w.e.f August 2005. The accumulated matching employer contribution towards EPF etc., due from the Employees Provident Fund Commissioner is yet to be refunded. TANGEDCO approached the Regional Provident Fund Commissioner to refund the claims for the past years, but so far, no claim has been refunded. Pending receipt of the amount, the pensionery claims of these employees is met from TANGEDCO funds.

The quantum of refund due to TANGEDCO in this regard is given below:

Circle name	Undertakings taken over	Refund claim
Thanjavur	Kumbakonam	Rs. 1.27 crores
Pudukottai	Thirumayam	Rs. 1.96 crores
Thiruvanamalai	Vandavasi	Rs. 0.13 crores
	Total	Rs. 3.36 crores

56 Revision of wages to all the employees is due from 01.12.2019. A Wage Revision committee was constituted to negotiate with the Unions/Associations for Revision of Pay Matrix, Revision of work allocation and staff pattern. The commitment of employees cost due to wage revision due could not be quantified at this juncture.

57 The Government of Tamil Nadu has provided Tariff subsidy as compensation for supplying power to certain categories of consumers at free of cost or at subsidized rates. These subsidies are received in advance and any difference with actual consumption over estimate is recognized either as excess subsidy in current liabilities or receivable in current assets. In the year 2020-21, the sanctioned subsidy is INR 8,269.73 crores (INR 8,053.11 crores) has been received, except INR 45 lakhs towards Hut category (which is received on 28.10.2021).

The Provisional Subsidy approved by the Hon'ble TNERC for the FY 2020-21 was INR 8,269.73 crores (INR 8,053.11 crores for FY 2019-20). Hon'ble TNERC also approved additional subsidy receivable of INR 144.25 crores (net) for FY 2018-19 on truing up. And after adding the additional subsidy, the net amount payable by GoTN during FY 2020-21 was INR 8,413.98 crores. The order for Provisional Tariff Subsidy for FY 2020-21 has been issued by Hon'ble TNERC vide Order No.7 of 2020, dated 20.06.2020.

58 The Hon'ble Division Bench of Madras High Court has passed order on 24.04.2018 by allowing CMA & writ appeal filed by the Pudhucherry Electricity Department.

Consequently, based on the CMD's approval, reconciliation of dues of either side has been made for the period from 2001 to 2019 and upon reconciliation, PED has been addressed vide letter dt.18.06.2021 to make the payment of INR 34,70,72,590/- (Rupees Thirty Four Crores Seventy Lakhs Seventy Two Thousand Five Hundred and Ninety only) immediately.

(in INR crores)

59 An EPC contract awarded to Lanco Infratech was terminated due to non-performance. As per the terms of the contract, Bank Guarantees totaling to INR 723 crores were invoked. This amount was appropriated as detailed below.

Financial year	Adjustment against advance	Income earned as Interest on advance	Income arising out of Liquidated Damages
2017-18	319.8	nil	235.36
2018-19		103.43	64.41
Total		103.43	299.77
Grand Total	INR 723.00 Crores		

A proceeding under Corporate Insolvency Resolution Process (CIRP) was initiated by IDBI Bank against the Lanco Infratech. TANGEDCO has submitted total claim of INR 1,882.03 crores under several categories. The liquidator has processed the claims and partially rejecting such claims.

The National Company Law Tribunal (NCLT), Hyderabad Bench has ordered that Liquidator's admission of claim of INR 708.38 crores and rejection of INR 1,173.65 crores is acceptable. TANGEDCO has decided to prefer appeal at Hon'ble NCLAT, New Delhi.

60 The details of expenditure incurred due to up gradation / improvement works arising out of technological obsolescence of fixed assets use in respect of Thermal Station in 2020-21.

Sl. No	Station /Unit	Description	Amount Spent in Crores
1	TTPS	Supply of 2 nos PA Fan motor 6.6KV weather proof Squirrel cage and antification type induction motor to primory air fans in Unit I,II and III /TTPS 14-406/Cr.No 830/17-18dt06.11.2020	0.84
		Supply ertion testing & Commissioning of latest disbuted digital control monitoring system Turbine petiction systems power plant control in unit I 14-406/Cr.No 632/17-18 dt04.12.2019.	1.4
		Supply Erection testing Commissioning of 5No 12KV 1250AMPS SF 6 Circuit breaker wwith truck suitable for retrofiting the existing HT. 430 type alind make MOC breakers 1 to 1 replacement AHP stage. 14-405/Cr.No.808/19-20 dt.07.09.2020	0.26
		R&M Replacement of out dated pro control system in ESSS, SBC,STC,AFRDS,SADC and scanner system by latest version of DCS for Unit-V 14-405/Cr.No.799/17-18 dt 03.06.2020	3.37

61 Status of Joint Venture Companies: (in INR crores)

i. Mandakini B coal block:

The Ministry of Coal had de-allocated Mandakini-B Coal Block allocated to four State PSUs including TANGEDCO on 05.12.2012 for non-achievement of milestones and also invoked 50% of the Bank Guarantee submitted by the allottee State PSUs to the Ministry.

The Managing Director of Meghalaya Mineral Development Corporation Ltd, Shillong, expressed their acceptance of the opinion of TANGEDCO to dissolve the MBCCL and release the locked up capital of all companies in MBCCL. Reply is awaited from MBCCL.

TANGEDCO officials met the Project Officer and the Chief Financial Manager of Odisha Mining Corporation, on 09.08.2019 at Bhubaneswar, Odisha regarding dissolution of MBCCL. It was informed that Board meeting is required to be conducted to decide on closing of MBCCL and that the Board meeting would be arranged shortly to proceed further in this regard.

The 19th Board meeting of the company was held on 25.03.21 through VC. It had been insisted by the TANGEDCO to windup the company and to share the assets of the company among the JV partneINR It had been opined by the Odisha Mining Corporation that MoC may be requested once again to return the invoked Performance Security.

ii. Maha Tamil Collieries Limited:

Ministry of Coal (MoC), Govt. of India, had allocated the Gare Pelma Sector II coal block in Chhattisgarh State for captive mining on 02.08.2006 with estimated coal reserve of 768 Million tonnes jointly to TNEB and Maharashtra State Mining Corporation (MSMC). TNEB and MSMC agreed to share the coal in the ratio of 77 (TANGEDCO) : 23 (MSMC) and formed a joint venture company, "Maha Tamil Collieries Ltd" (MTCL) on 28.08.09. Considering the huge expenditure in transportation of coal from the Gare Pelma sector II coal block to Tamil Nadu, it was proposed to install a pithead thermal power station utilizing the TANGEDCO's share of coal from this block.

Due to unavailability of budget provision and difficulty in mobilisation of funds, it was decided to entrust the works of development and operation of the coal block and establishment of a coal based thermal power plant to an external agency through competitive bidding.

The above works were awarded to M/s. Lanco Infratech Ltd. through competitive bidding and they had constituted a separate Project company named "Lanco Mining and Thermal Energy Limited" on 02.09.2011 which was later renamed as "Maha Tamil Mining and Thermal Energy Limited" (Special Purpose Vehicle) on 30.01.2012 for the mining and development of Gare Pelma sector II coal block and for erecting power plant. The Coal Mining Services agreement (CMSA) had been executed between Maha Tamil Collieries Limited (MTCL) and the SPV, Maha Tamil Mining and Thermal Energy Limited, on 01.12.2011.

The Memorandum of Understanding (MoU) had been executed on 19.01.2013 between TANGEDCO and Maha Tamil Mining and Thermal Energy Limited for setting up of a thermal power plant in the State of Chhattisgarh.

As per the Coal Mining Service agreement, the MDO has to submit the Bank Guarantee for Performance Security. However, in order to avoid de-allocation of the coal block, TANGEDCO had furnished the BG for INR 211.456 crores. TANGEDCO had requested M/s.MMTEL to reimburse the bank commission charges of INR 3,56,78,164 (Rupees Three Crores Fifty Six Lakhs seventy eight thousand one hundred and sixty four only) incurred by TANGEDCO for furnishing the BG and to take care of the subsequent renewal of the Bank Guarantee furnished.

MMTEL had agreed to renew the Bank Guarantee submitted to the Ministry of Coal within subsequent 12 months or before the expiry of the validity period of the Bank Guarantee, whichever is earlier.

However, TANGEDCO had extended validity BG again before expiry of validity of the BG and incurred Bank commission charges INR 4,06,77,181/- for the period 2014-15. Subsequently, MTCL had returned the Bank commission charges of INR 7,63,58,185/- (3,56,78,164 + 4,06,77,181 TANGEDCO on 30.09.2015.

The Hon'ble Supreme Court of India vide its order dated 24th Sep 2014 had cancelled the allocations of 214 coal block made by the MoC. The "Gare Pelma sector II coal block" is one among them.

The Ministry of Coal vide letter dated 26.12.14 had requested the allottees whose allocation had been cancelled by the Supreme to furnish the valuation of compensation to be paid to them for the works executed by them in the coal blocks. Maha Tamil Collieries Ltd. Nagpur, had claimed, vide letter dated 03.01.15, a sum of INR 228 Crore, which includes the amount spent by MTCL and amount claimed by MMTEL (INR 204.66 Crores) towards the development of Mine Infrastructure including the cost of the Geological Report of Gare Pelma Sector-II coal Block.

TANGEDCO Board had accorded approval for winding up MTCL, through circulation, on 31.03.16. The same had been intimated to MTCL.

The Ministry of Coal, vide Notification No.110/9/2015/NA (Part) dated 11.11.16, determined the amount of Compensation for land and mine-infrastructure as "Nil" for Gare Pelma Sector II coal block.

The Office of the Coal Controller (CCO), Kolkata had returned INR 43,48,16,953/- to MTCL towards the cost of Geological Report.
MMTEL had requested MTCL to return the Geological Report cost of INR 43,48,16,953/-, (which was returned by Coal Controller to MTCL) and the EMD of INR 40Crores, after adjusting the outstanding amount payable by MMTEL to MTCL.

M/s Lanco Infratech Ltd., who had also been awarded the EPC contract for ETPS Expansion project (1 x 660 MW), had submitted Insolvency notice in 2017.
In the 40th Board Meeting of MTCL held on 19.07.18, MTCL was requested to furnish the action taken report for the insolvency proceedings initiated against M/s.Lanco Infratech Ltd., and for utilizing the refund amount of INR 43,48,16,953/- (towards Geological Report cost from MoC) exclusively towards the development of the stalled projects of M/s. Lanco Infratech Ltd., in Tamil Nadu and Maharastra in the proportion of respective shareholdings in MTCL.

In the 43rd Board meeting of MTCL, it was decided that a Current Account of the company be opened in the Federal Bank Ltd., Nagpur. Further it was also decided to transfer the corpus of INR 43,48,16,953/- from Yes Bank to Tamil Nadu Power Finance Corporation (TNPFC), Chennai.

TNPFC had informed on 22.05.2019 that they are unable to accept bulk deposits due to pending RBI compliances. As MTCL's fixed deposits were about to mature on 11.07.2019, the amount was placed in fixed deposit with Yes Bank Ltd., Nagpur for a further period of one year.
Later on 02.09.2019, TNPFC informed that they accept bulk deposits and it has been decided to open a fixed deposit account in TNPFC and action is being taken in this regard.

An amount of about INR 47.68 crore, payable to MMTEL, is available with MTCL. MMTEL had requested for payment of the same. But the same has not been returned by M/s. MTCL to M/s. MMTEL so far. MMTEL has given an unconditional undertaking stating that they would not make any further claim on payment of INR 47.68 crores to them. The proposal for release of INR 47.68 crores money to MMTEL was taken up in the Board meeting held on 03.05.2021 through VC. The Board had deferred the subject for the next meeting.

It has been proposed to wind up M/s. MTCL after settlement of all liabilities as the Gare Pelma II coal block had been allocated to MAHAGENCO.

(in INR crores)

iii. Jayamkondam Lignite Power Project

GOTN vide G.O. Ms.No.40, Industries (MID-1) Department, dt.28.3.05 accorded administrative approval for the implementation of JLPP by TNEB in joint venture with NLC. Subsequently, GOTN in the G.O. Ms.No.62, Energy (B2) Dept, dt.06.07.06 have accorded administrative approval to develop JLPP by NLC independently without any investment from GOTN/TNEB and TNEB will play the role of facilitator for the power project by NLC in the Jayamkondam area.

The Jayamkondam Lignite mining and Power Project as a Joint Venture (JV) among NLC and TANGEDCO by keeping TIDCO as project proponent has been changed and a new proposal with methanol production through lignite mining is proposed. The status is being followed with TIDCO.

iv. Cheyyur Ultra Mega Power Project (4000MW)

M/s. PFC consulting Ltd., have formed a SPV named "M/s. Coastal Tamil Nadu Power Ltd (CTNPL). The entire shareholding on this M/s. CTNPL is held by M/s. PFC. TANGEDCO has incurred INR 49.43 crores towards part of land cost and commitment fees for the project, which is brought into accounts under Investments. In view of the liability of the project, M/s. PFC is proposed to downsize the capacity of the project or to shelve the project with the concurrence of MOP. The final decision is yet to be arrived.

Further, Board of TANGEDCO in its 96th meeting held on 29.09.2020 has accorded in principal approval to purchase shares of SPV and get the order of GoTN. The same has been communicated to GOTN by TANGEDCO in letter dt 07.11.2020. Regarding financial settlement, PFCCL was addressed by TANGEDCO in letter dt 06.02.2021 and communicated TANGEDCO's request for waiver of the additional expenditure incurred by PFC over the commitment fee and its accrued interest and TANGEDCO will pay the land cost on take over of the acquired land. PFCCL furnished their reply in letter dated 16.03.2021 that the waiver can not be considered citing the MOU signed during 2013. In this connection TANGEDCO addressed PFC and MoP vide letter dt 07.04.2021 and 08.04.2021 respectively and requested to arrange for handing over of the acquired land to TANGEDCO and TANGEDCO will pay the land cost and also informed that to resolve all other issues raised by CTNPL/PFCCL including additional expenditure incurred by PFC over and above the commitment fees plus its accrued interest, PFC may call for all procurers meeting through VC to record their views for amicable settlement. As the matter is pending for long time, Secretary/Energy department/GOTN has initiated circulation note regarding closure of cheyyur UMPP.

62 Development and Production of Coal Block

The Ministry of Coal has allotted Chandrabila Coal Block located in Odisha to TANGEDCO vide MoC letter dt. 24.02.2016. Based on the order, TANGEDCO has signed the Coal Block Development and Production Agreement on 30.03.2016.

There are two critical issues which hinders the development of Chandrabila coal block:
1. Lack of area for dumping overburden
2. Forest clearance for Prospecting in forest area

The above matter will be taken up to the Secretary/MoC, New Delhi from the Chief Secretary, Govt of Tamil Nadu requesting to take up the issue with the MoEF & CC/New Delhi.

TANGEDCO requested MoC for allotment of additional land/area for dumping overburden. To resolve the issue of lack of area for dumping overburden, MoC had constituted a Sub-Committee to consider /examine the issues related to Chandrabila Coal Block, under the Chairmanship of CMD/CMPDIL and comprising of members from TANGEDCO, MoC and MCL.

The Sub-Committee in its final meeting had recommended to MoC to consider for allotment of 0.98 sq.km of additional area to TANGEDCO for dumping of overburden and also to redefine the block boundary. The adequacy of the dump area will be known only after the preparation of mining plan.The proposal for drilling of 16 boreholes for exploration in the forest area of Chandrabila coal block had not been approved by the Regional Empowered Committee (REC) of MoEF & CC, Bhubaneswar, on 08.02.2019.

TANGECO had requested MoEF & CC to arrange for grant of clearance to explore in the forest area of the block. TANGEDCO had also requested MoC to take up the matter to MoEF & CC and arrange for clearance to explore in the forest area of the block.

The Joint Secretary/MoC, vide letter dated 01.05.2020, had also requested the Secretary, MoEF & CC to take up the matter with the REC of MoEF & CC for an early solution to enable TANGEDCO to expedite the operationalization of the coal block. However, the clearance had not been given yet.

Meanwhile, the consultant had prepared and submitted the bid document for selection of MDO. Open e-tender for selection of MDO had been called for after obtaining the approval of the Board of TANGEDCO on 29.11.2019. Only one bidder had submitted bid. The techno-commercial bid was opened on 07.05.2020 and the bid evaluation is in progress. The tender had been lodged in Sep-2020 as only one bidder had participated. A fresh tender has been floated on 30.12.2020. The tender is scheduled to be opened on 06.08.2021

The Ministry of Coal had issued a show cause notice to TANGEDCO on 04.06.2020 to show causes as to why the Performance Security given by TANGEDCO not be appropriated for not having developed the Chandrabila Coal Block as per the agreed time schedule. Actually, the development of Chandrabila Coal Block was affected due to non-issuance of clearance for exploration in the forest area of the coal block by MoEF & CC. A detailed reply to the show cause notice had been given to MoC on 15.06.2020 and the Ministry of Coal had been requested not to appropriate the Performance Security provided by TANGEDCO as the non-adherence to the agreed time schedule is due to reasons beyond the control of TANGEDCO.

(in INR crores)

63 Vivad Se Vishwas Scheme 2020 (VSV)

As per the provisions of VSV scheme, the disallowances appealed by erstwhile TNEB/ TANGEDCO before Hon'ble ITAT/Chennai/ CIT(Appeals) will have to be reduced from the business loss of the respective Assessment yeaINR Similarly under VSV scheme, the disallowances allowed by CIT/Appeals which are appealed by the Income Tax Department will have to be reduced by 50% from the Business Loss of the respective Assessment YeaINR There is no additional tax liability/monetary effect for opting under this scheme as the business loss of the respective years referred in para 1 above have lapsed/will lapse in view of the provisions of the Income Tax Act, 1961 which allows the benefit of carry forward of business loss for a period of 8 years only.

TANGEDCO had filed declaration in Form-1&2 under Vivad Se Vishwas Scheme 2020 (VSV) to settle the disputes pending with the Income Tax Department amounting to INR 4421.24/- crores for erstwhile TNEB from AY 2005-06 to 2011-12 including Department's appeals (AY 2009-10, 2010-11 & 2011-12) [except Assessee & Department appeal for AY 2006-07 and Department appeal for AY2005-06] and for INR 2303.37/- crores relating to TANGEDCO for AY 2011-12 to 2014-15 including Department's appeal (AY 2011-12 & 2012-13). VSV Scheme had not been opted for Department appeal for AY 2005-06 as this will lead to loss of Carry forward of all losses of AY 2005-06. VSV Scheme had not been opted for AY 2006-07 as the business loss for that Assessment year is not sufficient to absorb the disallowance required under the scheme.

The status of erstwhile TNEB and TANGEDCO's various Income Tax Returns are furnished in the following table:-

a)Erstwhile Tamil Nadu Electricity board (TNEB)

Assessment year	Disallowance of Expenditure (INR in crore)	Assessment Status
2005-06	8.16	Final order in Form-5 under VSV Scheme is yet to be Received.
2006-07 [u/s.143(3) & 263]	629.22	VSV Scheme not availed. Appeals filed are Pending with Hon'ble Income Tax Appellate Tribunal/Chennai
2007-08	990.79	Final order in Form-5 under VSV Scheme received
2008-09	1021.71	Final order in Form-5 under VSV Scheme received
2009-10	262.19	Final order in Form-5 under VSV Scheme received
2010-11 [u/s.143(3) & 263]	1017.98	Final order in Form-5 under VSV Scheme received
2011-12 [u/s.143(3) & 147]	1934.48	Final order in Form-5 under VSV Scheme received

b. TANGEDCO :

Assessment Year	Disallowance (INR in crore)	Assessment Status
2011-12	452.76	Final order in Form-5 received under VSV Scheme
2012-13 [u/s.143(3) & 263]	850.94	Final order in Form-5 received under VSV Scheme
2013-14	2748.14	Final order in Form-5 received under VSV Scheme
2014-15	307.37	Final order in Form-5 received under VSV Scheme
2015-16	1891.88	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance portion, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/ Chennai.
2016-17	2281.4	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/Chennai.
2017-18	3324.44	TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.30.12.2019. Faceless hearing is under progress.
Assessment Year	**Disallowance (INR in crore)**	**Assessment Status**
2018-19	346.51	Assessment Order issued by DCIT / National e-assessment Centre/ Delhi on 17.04.2021. TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.17.04.2021.
2019-20	–	ITR filed but Scrutiny yet to be started
2020-21	–	ITR filed but Scrutiny yet to be started

A sum of INR 13.07 crores (from Assessment Year 2000-2001 to Assessment year 2020-21) is pending to be received as Income Tax refund from Income Tax Department and being followed up closely.

(in INR crores)

Point 64 is specific to TANGEDCO. Management to confirm if this has to be retained

64 Ujwal DISCOM Assurance Yojana (UDAY):

Ujwal DISCOM Assurance Yojana (UDAY), a Scheme for the financial turnaround of Power Distribution Companies (DISCOMs), introduced by the Government of India in 2015 with an objective to improve the operational and financial efficiency of the State DISCOMs. According to the scheme, participating states would undertake to achieve operational and financial turnaround of DISCOMs with various measures outlined in UDAY Scheme.

In the financial perspectives, the GoTN, reviewed salient features of UDAY Scheme and the clarification of Government of India regarding Relaxation of Fiscal Responsibility and Budget Management (FRBM) norms and also the ability of the State Government to absorb and service TANGEDCO's loans. Accordingly, GoTN has decided to consider the following under UDAY vide G.O.(Ms) No.1 Energy (C2) Department, Dated 09.01.2017.

Loan as on 30.09.2015 considered under UDAY

i	Total Loans considered for UDAY	30,420
ii	75% to be taken over by GoTN by issue of 15% year Bond with 5 year moratorium.	22,815
iii	25% loans to be serviced by issue of Bonds by TANGEDCO	7,605

Accordingly, the financial aspect under UDAY has been implemented through the following means:

i. MoU under UDAY Scheme has been signed amongst GoI, GoTN and TANGEDCO on 09.01.2017.

ii. GoTN has taken over 75% of the Rs.30,420 crores debt considered under UDAY i.e., Rs.22,815 crores in 2 tranches of Rs.14,000 crore in February 2017 and Rs.8,815 crores in March 2017.

iii. The fund of Rs.22,815 crores transferred to TANGEDCO by GoTN and the loans from Banks and Financial Institutions were settled to that extent by TANGEDCO.

iv. The loan assistance from GoTN under UDAY has been converted into grant into five equal installments from FY 2017-18.

v. Till now, up to FY 2020-21, GoTN has converted Rs.18,252 crore as grant out of loan amount of Rs.22,815 crore. The final instalment of such conversion of Loan of Rs.4563 crores will be due during FY 2021-22.

vi. As per MOU, GoTN has released
- Rs.217.43 crore being the 5% of the losses of financial year 2016-17 in the FY 2017-18.
- Rs.776.08 Crore being 10% of the losses of the FY 2017-18 in the FY:2019-20.
- GoTN has to release Rs.3155.85 Crore being 25% of the losses of the FY:2018-19 and Rs.3000 crores released in the FY:2020-21.
- GoTN has to fund Rs.5982.47 crore being 50% of the losses of the FY:2019-20 in the FY:2020-21, but released Rs.5373.19 crores in FY 2021-22 (before end of Oct'21.

vii. The balance loans of Rs.7,605 crores being 25% considered under UDAY Scheme, has to be repaid by TANGEDCO through issue of bonds, for which the GoTN has issued Government Guarantee vide G.O.(Ms.)No.9, Energy (C2) Dept., dt.20.2.2017 and G.O. (Ms.) No.50, Finance (L&A Cell) Dept., dt.1.3.2017, respectively. As directed in the 76th Board Meeting of TANGEDCO held on 31.01.18, CRISIL was appointed as rating agency on nomination basis to assign credit rating for UDAY bonds and still it is under process.

65 Going concern assumption

The entities of the Group are state PSU and held 100% by GoTN through the Company. The Group is the sole power supplier in the state of Tamil Nadu and is backed by the GoTN. The Group is taking active steps to revise its tarrif to the customers and expect to reduce the operational losses significantly in the near future. Further, the GoTN is funding the yearly losses to the Group through UDAY scheme. Hence the Group does not expect the current financial position to impair its going concern assumption.

Further, on account of transition to Ind AS, the Group's losses compared to its book losses under previous GAAP has reduced. The Group will engage in active discussion with GoTN to work out the loss funding mechanism under Ind AS. Accordingly, the Group has not created any provisions in its books to return the excess loss funding received.

Management to confirm (in INR crores)

66 First- time adoption of Indian Accounting Standard (Ind AS)

The Group's financial statements for the year ended 31 March 2021 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the provisions of the Electricity Act, 2003 to the extent applicable.

The accounting policies set out in Note 2 and 3 have been applied in preparing the financial statements for the year ended 31 March 2021 including the comparative information for the year ended 31 March 2020 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2019.

In preparing its Ind AS balance sheet as at 1 April 2019 and in presenting the comparative information for the year ended 31 March 2020, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cashflows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Group has availed optional exemptions and mandatory exceptions in accordance with Ind AS 101 as explained below:

A Optional exemptions availed

i. Deemed cost for Property, plant and equipment, intangible assets and investment properties

As permitted by Ind AS 101, the Group has elected to carry out fair valuation for the major class of assets existing as on the date of transition through an independent consultant and consider it as their deemed cost under Ind AS. For the other categories that are not material, the Group has computed the cost in accordance with the requirements of Ind AS. Fair value arrived by the independent consultant has been adopted by the Group and accordingly the book values are restated to the extent of INR 4064.72 crores as on 1 April 2019. The Group has also adjusted the previous IGAAP carrying amount for items that are not allowed to be capitalized under Ind AS to arrive at the Ind AS cost for the remaining class of assets.

ii. Investments in subsidiaries, joint ventures and associates

As permitted by Ind AS 101, the Group has opted for the optional exemption to carry its investments in subsidiary at deemed cost. Accordingly, the previous GAAP carrying amount of such investments as on transition date has been taken as deemed cost.

iii. Leases

As per Ind AS 101, the Group on transition has applied modified retrospective approach (option 2) and recognized lease liability at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate at the date of transition to Ind AS and measured ROU at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Balance Sheet immediately before the date of transition.

iv. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

v. Foreign currency transactions

The Group has elected to apply the Appendix B, Foreign Currency Transactions and Advance Consideration of Ind AS 21 prospectively to all assets, expenses and income in the scope of the Appendix initially recognized before the date of transition to Ind AS.

B. Mandatory exceptions

i. Estimates

The Group's estimates in accordance with Ind AS on the date of transition shall be consistent with estimates made for the same date in accordance with previous IGAAP, unless there is an objective evidence that those estimates were in error. The Group has not made any changes to estimates made in accordance with previous IGAAP.

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Measurement of defined benefit obligations;
- Key actuarial assumptions;
- Impairment of financial assets based on the expected credit loss model.
- Estimations used for determination of tax expenses and tax balances

ii. Impairment of financial assets

Ind AS 101 requires impairment requirement as per Ind AS 109 to be applied retrospectively. If at the date of transition to Ind AS, the entity expects that it will incur undue costs and efforts in assessing credit risk, an amount equal to life-time credit loss should be recognized at each reporting date till derecognition of such asset.

iii. Government loans

The Group has elected to apply the requirements of Ind AS 109 and Ind AS 20 prospectively to the government loans existing on the date of transition to Ind AS.

iv. Derecognition of financial assets and financial liabilities

The Group has applied the derecognition criteria as per Ind AS 109 prospectively and has not recognized any previously derecognized non-derivative financial assets and financial liabilities prior to 1 April 2019 that may qualify for recognition as per Ind AS.

v. Leases

The Group shall determine whether an arrangement existing at the date of transition to Ind ASs contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has used this exemption and assessed all arrangements based on conditions existing as at the date of transition.

TNEB LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021

Management to confirm

(in INR crores)

First- time adoption of Indian Accounting Standard (Ind AS)

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from IGAAP to Ind AS in accordance with Ind AS 101:

- equity as at 1 April 2019;
- equity as at 31 March 2020;
- total comprehensive income for the year ended 31 March 2020

(i) Reconciliation of equity as at 1 April 2019 and 31 March 2020

	Particulars	31 March 2020 (Last period presented under previous GAAP)				1 April 2019 (Date of Transition)			
		Previous GAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS	Previous GAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS
	ASSETS								
1	Non-current assets								
	Property, plant and equipment	89,464.16	437.76	4,301.83	94,203.75	89,930.48	(191.75)	3,990.07	93,728.80
	Capital work-in-progress	38,950.48	(487.39)	(291.00)	38,172.09	28,417.13	66.62	-	28,483.75
	Investment property	-	-	71.72	71.72	-	-	58.27	58.27
	Other intangible assets	0.13	-	243.01	243.14	0.13	-	205.71	205.84
	Intangibles under development	-	0.53	-	0.53	-	-	-	-
	Financial assets						-	-	-
	(i) Investments accounted for using equity method	1,937.56	(78.85)	2.28	1,860.99	2,021.22	(370.25)	19.24	1,670.21
	(ii) Others	2,182.78	143.26	(57.64)	2,268.40	1,441.61	160.22	126.24	1,728.07
	Other non-current assets	865.71	(45.83)	-	819.88	159.47	(43.46)	(0.01)	116.00
	Total non-current assets	1,33,400.82	(30.52)	4,270.20	1,37,640.50	1,21,970.04	(378.62)	4,399.52	1,25,990.94
2	Current assets								
	Inventories	3,435.93	(363.69)	(775.21)	2,297.03	2,770.47	(376.95)	(352.05)	2,041.47
	Financial assets								
	(i) Trade receivables	17,390.94	(776.35)	(9,941.79)	6,672.80	14,431.63	(334.37)	(7,934.59)	6,162.72
	(ii) Cash and cash equivalents	2,372.04			2,372.04	1,369.55	-	-	1,369.88
	(iii) Others	20,093.08	(14,174.75)	(3.15)	5,915.18	18,113.84	(14,162.16)	(116.48)	4,135.91
	Current tax assets (net)	14.74	(0.06)	-	14.68	10.46	(0.07)	-	10.39
	Other current assets	1,278.37	(232.05)	(491.04)	555.28	1,008.72	(135.65)	(515.92)	357.15
	Total current assets	44,585.10	(15,546.90)	(11,211.19)	17,827.01	38,034.67	(15,009.44)	(8,948.04)	14,077.19
	TOTAL ASSETS	1,77,985.92	(15,577.42)	(6,940.99)	1,55,467.51	1,60,004.71	(15,388.06)	(4,548.52)	1,40,068.13
	EQUITY AND LIABILITIES								
	Equity								
	Equity share capital	25,375.94		-	25,375.94	24,612.35		-	24,612.35
	Other equity	(79,302.04)	(12,262.12)	(38,882.27)	(1,30,446.43)	(67,805.25)	(12,099.98)	(34,260.91)	(1,14,166.14)
	Equity attributable to owners of the Group	(53,926.10)	(12,262.12)	(38,882.27)	(1,05,070.49)	(43,192.90)	(12,099.98)	(34,260.91)	(89,553.79)
	Non-controlling Interests	(0.33)		0.06	(0.27)	(0.28)		0.07	(0.21)
	TOTAL EQUITY	(53,926.43)	(12,262.12)	(38,882.21)	(1,05,070.76)	(43,193.18)	(12,099.98)	(34,260.84)	(89,554.00)
1	Non-current liabilities								
	Financial liabilities								
	(i) Borrowings	1,29,654.13	0.25	(25,259.99)	1,04,394.39	1,23,043.13	-	(31,648.23)	91,394.90
	(ii) Others	-	8,618.67	(3,817.08)	4,801.59	25.70	6,781.25	(2,516.27)	4,290.68
	Provision	517.60	(517.60)	41,625.08	41,625.08	424.30	(424.31)	36,707.94	36,707.93
	Other non-current liabilities	4,868.69	-	8,267.77	13,136.46	3,780.00	-	12,682.98	16,462.98
	Total non-current liabilities	1,35,040.42	8,101.32	20,815.78	1,63,957.52	1,27,273.13	6,356.94	15,226.42	1,48,856.49
2	Current liabilities								
	Financial liabilities								
	(i) Borrowings	17,387.67	-	18,114.62	35,502.29	9,446.90	-	18,808.72	28,255.62
	(ii) Trade payables	52,077.01	(949.89)	(20,104.25)	31,022.87	43,355.04	982.86	(18,263.17)	26,074.73
	(iii) Others	22,293.45	(9,276.79)	8,751.09	21,767.75	18,762.67	(9,075.43)	9,976.74	19,663.98
	Provisions	842.73	(928.16)	4,960.89	4,875.46	778.35	(851.93)	4,748.04	4,674.46
	Other current liabilities	4,271.07	(261.78)	(596.91)	3,412.38	3,581.80	(700.52)	(784.43)	2,096.85
	Total current liabilities	96,871.93	(11,416.62)	11,125.44	96,580.75	75,924.76	(9,645.02)	14,485.90	80,765.64
	TOTAL EQUITY AND LIABILITIES	1,77,985.92	(15,577.42)	(6,940.99)	1,55,467.51	1,60,004.71	(15,388.06)	(4,548.52)	1,40,068.13

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2020 (in INR crores)

Particulars	31 March 2020 (Last period presented under previous GAAP)			
	IGAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS
INCOME				
Revenue from operations	67,205.17	(11,485.39)	(5,836.73)	49,883.05
Other income	1,716.38	(694.67)	4,691.12	5,712.83
TOTAL INCOME	68,921.55	(12,180.06)	(1,145.61)	55,595.88
EXPENSES				
Cost of power purchases	47,145.89	(13,173.88)	(2,284.68)	31,687.33
Cost of power generation	8,267.41	(73.49)	332.02	8,525.94
Employee benefit expenses	10,425.38	270.46	(1,323.71)	9,372.13
Finance costs	11,171.42	(440.00)	(300.53)	10,430.89
Depreciation and amortization expenses	3,805.68	787.45	614.07	5,207.20
Other expenses	1,146.18	(39.44)	169.45	1,276.19
TOTAL EXPENSES	81,961.96	(12,668.90)	(2,793.38)	66,499.68
Profit before tax	(13,040.41)	488.84	1,647.77	(10,903.80)
Tax expense:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Profit (loss) for the year before share of profit from jointly controlled entities & associates	(13,040.41)	488.84	1,647.77	(10,903.80)
Add: Share of profit from jointy controlled entities and associates	(0.05)	-	190.83	190.78
Profit for the year	(13,040.46)	488.84	1,838.60	(10,713.02)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan	-	(5,198.01)	-	(5,198.01)
Total other comprehensive income	-	(5,198.01)	-	(5,198.01)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(13,040.46)	(4,709.17)	1,838.60	(15,911.03)

(iii) Reconciliation of total equity as at ended 31 March 2020 and 1 April 2019

Particulars	31 March 2020 (Last period presented under previous GAAP)	1 April 2019 (Date of Transition)
Total equity (shareholders' fund) under previous GAAP	(53,926.10)	(43,192.90)
Adjustments for prior period correction [A]	(12,452.27)	(12,016.88)
Total equity (shareholders' fund) under previous GAAP (restated)	(66,378.37)	(55,209.78)
Ind AS Adjustments [B]:		
Actuarial valuation of employee benefits	(43,659.41)	(38,851.62)
Inventory valuation	(576.95)	(108.25)
Impairment of non-financial assets	(510.22)	(515.92)
Impairment of financial assets	(58.51)	-
Exchange loss on account of foreign currency transactions	(42.24)	(5.22)
Liability on administrative expenses in Cheyyur UMPP	(38.87)	(37.25)
Liability on advance lease rent received on lease of land to NTECL	(14.61)	(15.41)
Amortization of capital grant	29.76	20.23
Fair valuation of fixed assets	3,608.31	3,832.12
Consumer contribution	1,236.04	1,239.19
Recognition of right of way	205.71	205.71
Depreciation	232.62	-
Others	85.16	(23.95)
Gain on remeasurement of defined benefit plan	989.96	-
Changes due to prior period errors	(369.64)	-
Share of profit from jointy controlled entities and associates	190.78	(0.70)
Share application money pending allotment	-	(82.94)
Total adjustment to equity	(38,692.12)	(34,344.01)
Total equity under Ind AS	(1,05,070.49)	(89,553.79)

[A] Restatement of material prior period errors and omissions:

The Group has restated the carrying amounts as per IGAAP to give effect to the following material prior period corrections:

- Inter-Group reconciliation: On transition to Ind AS, the Group has carried out a detailed exercise to reconcile the legacy accounting errors and omissions. The Group had unreconciled inter-unit and inter-Group balances in its books since the inception of the Group. Basis the reconciliation exercise the Group has identified various transactions that were resulting in unreconciled balances and the same are recorded in the books in the respective periods. The rectification entries includes reclassification of inter-Group balances between various heads of balance sheet and passing necessary adjustments to opening retained earnings.

- Transfer of capital and other reserves: On transition to Ind AS, the Group has transferred all capital and other free reserves in the nature of revaluation reserve, property insurance reserves, material cost variance reserve and revenue grants to retained earnings to reflect its true nature.

- Prior period corrections: On transition to Ind AS, the Group has rectified the prior period errors arising from misaccounting by restating various payables and receivables including restatement of actual coal payables, electricity duty payables and rectification of ineligible costs earlier capitalized to investments, inventory and other non-current assets.

- Write off / write back of receivables and payables: The Group has further written back / written off excess trade payables and receivables which were carried on account of legacy accounting errors to retained earnings as at the date of transition.

VDSR & CO. LLP F.R.No. 001126S/S200 CHENNAI BANGALORE CHARTERED ACCOUNTANTS

(in INR crores)

B Notes to Ind AS adjustments

1 Actuarial valuation on employee benefits: On transition to Ind AS, the Group has recognized provision on employee benefits based on the available independent actuarial valuation report.

2 Inventory valuation: The Group on transition to Ind AS has measured inventory using the weighted average cost formulae.

3 Impairment of non-financial assets: On transition to Ind AS, Group has recognized full impairment provision on decommissioned assets in Ennore Thermal Power Station (ETPS). However, during FY 2019-20 and FY 2020-21, certain minor parts of plant and machinery in ETPS were identified as in usable condition and were transferred to other thermal stations and accordingly the Group reversed the impairment loss to the extent of INR 5.56 crores and INR 2.80 crores in FY 2019-20 and FY 2020-21 respectively.

4 Impairment of financial assets: On transition to Ind AS, Group has recognized impairment provision on advances given to various Ultra Mega Power Projects ('UMPPs').

5 Exchange loss (net) on foreign currency transactions: The Group has recognized foreign exchange loss (net) arising on account of translation of foreign currency payables using the closing rate as at the end of reporting period.

6 Liability on administrative expenses in Cheyyur UMPP. On transition to Ind AS, the Group has recognized liability on the Group's share of expenses payable to Power Finance Corporation Limited on the land portion of the project and share of expenses on the development and general administration of the project.

7 Liability on lease rent received in advance: On transition to Ind AS, the upfront lease rent received from NTPC Tamilnadu Energy Group Limited ('NTECL') for the land given on lease, has been recognized as liability to the extent of income recognizable over the remaining lease term.

8 Amortization of capital grant: On transition to Ind AS, the Group has recognized the grant income related to depreciable assets in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognized on commissioning of the project.

9 Fair valuation of fixed assets: The Group as part of its transition to Ind AS determined the fair value of its property, plant equipment ('PPE'). The fair value is considered to be the deemed cost under Ind AS. Under previous GAAP, the Group carried its PPE at its historical cost and depreciated the assets using the rates prescribed by Tamil Nadu Regulatory Commission ('TNERC'). On transition to Ind AS, the Group has determined the technical useful life of the assets for the purposes of depreciation.

10 Consumer contribution: On transition to Ind AS, the Group has reclassified the consumer contribution received from customer to retained earnings to the extent of work completed. Under previous GAAP, the same is classified under liability.

11 Recognition of right of way: The Group obtains the permission for an indefinite period to lay the distribution lines in the state of Tamil Nadu and the compensation paid to the landowners are capitalized under the "Lines & Cables Network" as part of PPE under the previous GAAP. On transition to Ind AS, since Lines & Cables Network" as part of PPE are fair valued, right of way is now capitalized separately as an intangible asset through retained earnings.

12 Others: On transition to Ind AS, the Group has reclassified the items in the nature of capital spares to PPE at its fair value with the corresponding impact to retained earnings/ Statement of Profit or Loss. Under previous GAAP, these were classified as inventory and valued at standard cost.

For and on behalf of the Board of Directors

K. Nanthakumar, IAS
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

N. Prabhakaran
(Chief Financial Controller/Ind AS)(I/C)

V. Suresh Kumar
Company Secretary

As per our report of even date

For V D S R & Co. LLP,
Chartered Accountants
Firm No. 001626S/S200085

Venkatesh Kamath S V
Partner
M. No. 202626
UDIN : 25202626BMGYWY3014

VDSR & CO. LLP ★ F.R.No.001626S/S200085 CHENNAI BANGALORE ★ CHARTERED ACCOUNTANTS

Place: Chennai
Date :18.12.2024