TNEB LIMITED

13th ANNUAL REPORT
2021-22

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

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TNEB LIMITED

Financial Year 2021-22

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DIRECTORS' REPORT

Dear Members,

The Board of Directors of TNEB Limited have immense pleasure in presentation of its 13th Annual Report on the working of the Company together with Audited Accounts for the financial year 2021-22 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 31.03.2022

A Brief summary of the accounts are furnished below:

(Rs. In crores)

Sl. No.	Description	Balance as on 31.03.2022	Balance as on 31.03.2021
	Assets		
1	Non-Current Assets	26,102.01	25,656.05
2	Current Assets	5.85	5.06
	Total Assets	**26,107.86**	**25,661.11**
	Equity and Liabilities		
3	Equity share capital	25,818.34	25,375.94
4	Other Equity	251.85	252.58
	Liabilities		
5	Current Liabilities	37.67	32.59
	Total Equity and Liabilities	**26,107.86**	**25,661.11**

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

Sl.No.	Description	2021-22	2020-21
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 2020-21 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 2021-22 (IN CRORE)

Sl.No.	Description	TANGEDCO
1	Revenue from operations	56994.48
2	Other Income	5804.87
	Total Income	**62799.35**
4	Cost of Power Purchase	39365.23
5	Cost of Power Generation	7875.54
6	Employee benefit expenses	8430.4
7	Finance costs	10923.25
8	Depreciation and amortization expenses	3810.18
9	Other expenses	1525.11
	Total Expense	**71929.71**
	Profit/(Loss)	**-9130.36**
10	Other comprehensive income	**-3865.26**
	Total comprehensive income for the year	**-12995.62**

5.2 TANTRANSCO's Profit and Loss Account for the year 2021-22

Sl. No.	Description	Amount (Rs. In Crores)
1	Revenue from operations	
1	Revenue from operations	3432.94
2	Other Income	198.36
	Total Income	**3631.3**
3	Employee benefit expenses	1209.99
4	Finance costs	1418.42
5	Depreciation and amortization expenses	1579.08
6	Other expenses	79.31
	Total Expense	**4286.8**
	Profit/(Loss)	**-655.5**
7	Other comprehensive income	**-647.38**

6.Board Meetings:

The details of Board Meetings held during the financial year 2021-22are given below:

Sl. No. of Meeting	Date	Board Strength	No. of Directors Present
69	27.04.2021	8	6
70	05.08.2021	7	7
71	19.01.2022	8	6
72	17.03.2021	8	8

The details of Audit Committee Meetings are given below:

Sl. No. of Meeting	Date	Board Strength	No. of Directors Present
14	**05.08.2021**	**4**	**4**
15	**17.03.2022**	**4**	**4**

7. Directorate:

Directorate (Financial Year ending 31.03.2022):

Sl. No.	Name	Designation
1.	Thiru. Pankaj Kumar Bansal.,I.A.S/ (From 08.06.2020 to 17.05.2021) Thiru.Rajesh Lakhoni,I.A.S (17.05.2021 to 31.03.2022)	Chairman cum Managing Director
2	a.Tmty. M.A. Helen, (From 02.11.2015 to 05.08.2021) b. Thiru.M.Sivalingarajan (19.01.2022 to 31.03.2023)	Director (Distribution)
3	a. Thiru. R. Ethiraj (From 24-10-2019 to 05.08.2021) b. Thiru.U.B.Eleni (19.01.2022 to 31.03.2022)	Director (Generation)
4	Thiru. K. Sundaravadhanam (From 24.09.2018 to 08.02.2023)	Director (Finance)
5	Thiru. S. Shanmugam, (From 01.03.2016 to 31.03.2022)	Part time Director /TG
6	a. Thiru. S. Krishnan, I.A.S., Additional Chief Secretary to Govt., (Finance Department) (From 01.07.2019 to 06.11.2021) b. Thiru.Prashant M.Wadnere.,I.A.S (21.12.2021 to 28.11.2022)	Director (Ex-Officio)
7	a. Thiru. S.K. Prabakar, I.A.S., Principal Secretary to Govt. (Energy Depart.) (From 08.06.2020 to 26.05.2021) b. Thiru.Dharmendra Pratap Yadav.,I.A.S (05.08.2021 to 06.11.2021) c. Thiru.Ramesh Chand Meen.,I.A.S (06.11.2021 to 30.06.2023)	Director (Ex-Officio)
8	a. Tmty. V. Amudavalli, I.A.S., Addl. Secretary to Govt. (Industries Depart.) (From 23.09.2020 to 05.08.2021) b. Thiru. Anil Meshram., I.A.S (05.08.2021 to 28.09.2022)	Director (Ex-Officio)

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) The Standalone Financial Statements of TNEB Ltd of FY 2021-22 has been prepared in compliance with IND AS provisions under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The Consolidated Financial Statements of TNEB Ltd has been prepared, duly adopting the financial statements of all subsidiary companies and Joint Venture Companies, as required. While consolidating the financial statements of TNEB Ltd for FY 2021-22, the revised accounts of TANGEDCO based on Hon'ble NCLT orders has been compiled and for the previous year 2020-21, the restated financials of TANGEDCO for FY 2020-21 was considered.;

(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 2022 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 2021-22 or earlier.

14.Statutory Auditors:

The C&AG of India have appointed M/s.S. RAM & CO, Chartered Accountants,Chennai as statutory auditors for the financial year 2021-22.

15. Secretarial Audit:

The Board has appointed M/s.S. Dhandapani, Practicing Company Secretary to conduct secretarial audit for the year 2021-22.

16.Loans/Guarantees/Investments under section 186:

16.1. Loans availed during the year 2021-22:

The company has not availed loans from Funds, Investments/Banks during the year 2021-22.

16.2 Investments made during the year 2021-22:

Sl. no	TANGEDCO		TANTRANSCO		Consideration
	No. of Shares	Value @Rs.10 per share	No. of Shares	Value @Rs.10 per share	
1	3304300	33043000	439090000	4390900000	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 2021-22.

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. There is no employees on roll during 2021-22, 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:12.05.2025
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/ 22
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, 2022 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 2022.

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31 मार्च, 2022 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 2022.

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,

31/12

उप महालेखाकार
Deputy Accountant General

संलग्न: यथोपरि
Encl: As above

"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 ले 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 2022

The preparation of standalone financial statements of the TNEB Limited, Chennai for the year ended 31st March 2022 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 28.08.2025 which supersedes their earlier Audit Report dated 12.05.2025.

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 2022 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

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

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 2022

The preparation of financial statements of the TNEB Limited, Chennai (Company) for the year ended 31 March 2022 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 18.08.2025 which supersedes their earlier Audit Report dated 12.05.2025.

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 2022. We conducted a supplementary audit of the financial statements of TNEB Limited, Tamil Nadu Generation and Distribution Corporation Limited, Tamil Nadu Transmission Corporation Limited for the year ended on that date. We decided not to conduct the supplementary audit of the financial statements of Udangudi Power Corporation Limited

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for the year ended on 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 auditors 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 Financial Position

Consolidated Balance Sheet as at 31 March 2022

Assets

Non-Current Assets

Capital work-in-progress (Note 4(a)) - ₹60,116.40 crore

1. According to Indian Accounting Standard (Ind AS) 16 Property, Plant and Equipment, Clause 7 - the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

The above amount is overstated by ₹202.19 crore due to non-capitalisation of various category of assets of TANTRANSCO, which fulfil the above recognition criteria in General Construction Circle, Madurai (₹145.80 crore), General Construction Circle, Coimbatore (₹16.79 crore) and General Construction Circle, Trichy (₹39.60 crore). The works relating to which were completed in the year 2021-22 resulting in violation of the provisions of Ind AS 16 thereby leading to overstatement of above head and understatement of Property, Plant and Equipment by ₹202.19 crore. In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.

2. During the audit of pre-revised accounts of TANGEDCO for the year 2021-22, it was commented that Capital work-in progress was overstated by ₹15.59 crore due to non-charging of yearly Annual Technical Support (ATS) charges paid for the ERP SAP and non-apportionment of the corresponding share of ATS expenditure applicable to TANTRANSCO which resulted in understatement of receivables from TANTRANSCO by ₹2.89 Crore and repairs and maintenance by ₹12.70 crore and consequent understatement of losses for the year. TANGEDCO, while passing the rectification entry

[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

in 2021-22, wrongly credited ₹15.59 crore under Creditors-Domestic Legacy (A/c code-20704020) instead of Capital work-in progress (JV no.53). This has resulted in overstatement of Capital work in progress and Liability-Creditors Domestic legacy to the extent of ₹15.59 crore.

3. TANGEDCO received financial assistance from Govt of India towards Integrated Power Development Scheme (IPDS) for strengthening of sub-transmission and distribution system in rural areas. As per the scheme, TANGEDCO had to cover 522 statutory towns, comprising 37 Electricity Distribution circles. The Funding for the scheme by the Government of India was ₹1,017.52 crore 60 *per cent*, counterpart funding by financial institutions was ₹508.76 crore 30 *per cent* and by TANGEDCO's own fund was ₹169.56 crore totalling ₹1,695.86 crore. The date of completion of the said project in all the EDCs ranged from March 2019 to December 2020. The total finance closure of all the 37 Circles was submitted to Power Finance Corporation on 17.03.2022 for ₹1,586.73 crore. In this regard, it was seen that the Property Plant and Equipment as on 31.03.2022 was capitalised for ₹828.26 crore instead of ₹1,586.73 crore. This was in violation of Para 15 of Ind AS 16 on Property, Plant and Equipment which states that "An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost". Thus, there is understatement of Property Plant and Equipment by ₹758.47 crore and overstatement of Capital work-in-progress to the same extent. In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.

4. The above head includes ₹2,956.53 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 schemes. The above amount of ₹2,956.53 crore 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 non-capitalisation of completed assets as per Ind AS 16, the above head is overstated and Property, Plant and Equipment (Gross Block) is understated by ₹2,956.53 crore and accumulated depreciation is understated by ₹290.64 crore

5. The Company completed projects under the Deendayal Upadhyaya Gram Jyothi Yojana Scheme on 30.12.2020 by incurring ₹1,043.89 crore. As against the above, the amount capitalised as Property, plant and equipment in the books of accounts as on 31.03.2022 was ₹229.37 crore. Thus, there is under-statement of Property, plant and equipment and overstatement of Capital work-in-progress to the extent of ₹814.52 crore and consequential non-compliance of Ind AS 16. In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.

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 2021-22

C& AG comments of TANGEDCO and TANTRNSCO Annual Accounts for 2021-22

Accountant General Audit Comment	Management Reply
1. General	
A. Comments on Financial Position **Consolidated Balance Sheet as at 31 March 2022** **Assets** **Non-Current Assets** **Capital work-in-progress (Note 4(a)) - ₹60,116.40 crore** 1. According to Indian Accounting Standard (Ind AS) 16 Property, Plant and Equipment, Clause 7- the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. The above amount is overstated by ₹202.19 crore due to non-capitalisation of various category of assets of TANTRANSCO, which fulfil the above recognition criteria in General Construction Circle, Madurai (₹145.80 crore), General Construction Circle, Coimbatore (₹16.79 crore)and General Construction Circle, Trichy (₹39.60 crore). The works relating to which were completed in the year 2021-22 resulting in violation of the provisions of (Ind AS) 16 thereby leading to overstatement of above head and understatement of Property, Plant and Equipment by ₹202.19 crore. In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.	This will be brought into accounts in future years.
2. During the audit of pre-revised accounts of TANGEDCO for the year 2021-22, it was commented that Capital work-in progress was over-stated by ₹15.59 crore due to non-charging of yearly ATS (Annual Technical Support) charges paid for the ERP SAP and non-apportionment of the corresponding share of ATS expenditure applicable to TANTRANSCO which resulted in understatement of receivables from TANTRANSCO by ₹2.89 Crore and repairs and maintenance by ₹ 12.70 crore and consequent understatement of losses for the year. TANGEDCO, while passing the rectification entry in 2021-22, wrongly credited	The rectification journal will be carried out in FY 2022-23.

Accountant General Audit Comment	Management Reply
₹15.59 crore under Creditors-Domestic Legacy (A/c code-20704020) instead of Capital work-in progress (JV no.53). This has resulted in over-statement of Capital work in progress and Liability-Creditors Domestic legacy to the extent of ₹15.59 crore.	
3. TANGEDCO received financial assistance from Govt of India towards Integrated Power Development Scheme (IPDS) for strengthening of sub-transmission and distribution system in rural areas. As per the scheme, TANGEDCO had to cover 522 statutory towns, comprising 37 Electricity Distribution Centres. The Funding for the scheme by the Government of India was ₹1,017.52 crore (60%), Counterpart funding by FIs was ₹508.76 crore (30%) and by TANGEDCO's own fund was ₹169.56 crore totaling ₹1,695.86 crore. The date of completion of the said project in all the EDCs ranged from March 2019 to December 2020. The total finance closure of all the 37 Circles was submitted to Power Finance Corporation on 17.03.2022 for ₹1,586.73 crore. In this regard, it was seen that the Property Plant and Equipment as on 31.03.2022 was capitalized for ₹828.26 crore instead of ₹1,586.73 crore. This was in violation of Para 15 of Ind AS 16 on Property, Plant and Equipment which states that "An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.' Thus, there is understatement of Property Plant and Equipment for ₹758.47 crore (₹1,586.73 crore-₹828.26crore) and over-statement of Capital work-in-progress for ₹758.47 crore. In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.	Since the Fixed Assets Register (FAR) is created afresh with all quantitative assets components obtained from field engineers, the assets commissioned have been brought into FAR. The IPDS scheme related works were being carried out in all the distribution circles and capitalized by the circle level as and when closed by the respective field engineers. It is pointed out by the AG audit that out of the project cost of Rs. 1695.86 crores a sum of Rs.828.26 crores only capitalized through the work has been completed 2020 by December. The pending work order in respect of IPDS scheme prevailing in the circle will be reviewed and arranged to be capitalized, if efforts will necessitated. Also be arranged to be taken to provide appropriate depreciation from the date of and due capitalization amortization of grants.
4. The above head includes ₹2,956.53 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 schemes. The above amount of ₹2,956.53 crore 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 non-capitalisation of completed assets as per IndAS 16, the above head is overstated and Property, Plant and Equipment (Gross Block) is understated by ₹2,956.53 crore and accumulated depreciation is understated by ₹290.64 crore	Since the Fixed Assets Register (FAR) is created afresh with all quantitative assets components obtained from field engineers, the assets commissioned have been brought into FAR. However, in case of any Capital WIP Wherein work is but not completed capitalized and brought into assets, the reconciliation of WIP balance in each circle has to be carried out to sort out the issues which will be taken up separately and resolved in a time bound manner.
5. The Company completed projects under the Deendayal	Since the Fixed Assets Register (FAR) is created afresh with all

Accountant General Audit Comment	Management Reply
Upadhyaya Gram Jyothi Yojana Schemeon 30.12.2020 by incurring ₹1,043.89 crore. As against the above, the amount capitalised as Property, plant and equipment in the books of accounts as on 31.03.2022 was ₹229.37 crore. Thus, there is under-statement of Property, plant and equipment and over-statement of Capital work-in-progress to the extent of ₹814.52 crore (₹1,043.89 crore -₹229.37 crore) and consequential non-compliance of IndAS 16.In the absence of details pertaining to useful lives of above assets, the quantum of depreciation could not be worked out.	quantitative assets components obtained from field engineers, the assets commissioned have been brought into FAR. The DDUGJY schemes related works were being carried out in all the distribution circles and capitalized by the circle level as and when the closed by the respective field engineers. It is pointed out by the AG audit that out of the project cost of Rs.924.12 crores the sum of Rs.554.47 crores only capitalized through the work has been December completed 2020. The pending work order in respect of DDUGJY scheme prevailing in the circle will be reviewed and arranged to be capitalized, if necessitated. Efforts will also be taken to provide appropriate depreciation from the date of capitalization and due amortization of grants.

S. RAM & CO
Chartered Accountants

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Email : sramandco@gmail.com
URL : www.sramandco.com
GSTIN : 33AARFS6334C1Z7

Partners : S. Ramalingam, FCA V. Bagyarani, FCA D.S. Rema, FCA

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 2022, 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 ,2022, 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, 2022.

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, 2022, 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 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 understated 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

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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 scepticism 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.

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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.

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.

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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 no pending litigations on the financial position in the standalone Ind AS financial statements.

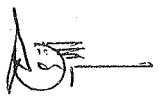
ii. The Company has not made any provision in its standalone Ind AS financial statements, as required under the applicable law or accounting standards, as there no material foreseeable losses.

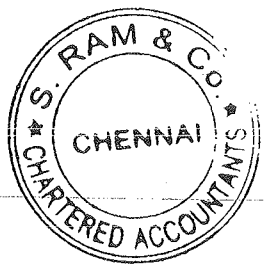
iii. The provisions regarding transfer to Investor's Protection Fund is not applicable to the Company.

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 S. Ram & Co., FRN: 002841S
Chartered Accountants





CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 12/05/2025
UDIN: 25022020BMKZXO4404

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 2022, we report that:

i) *a. The Company has not maintained any Fixed Assets Register, but produced to us an Microsoft Excel Updating Statement, showing full particulars including quantitative details and the situation of the 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 the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, 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 2022, 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) **Shares Issued During the Year:**

During the financial year ended 31/03/2022, the company allotted equity shares as follows:

(a) **Partially Paid Equity Shares**:

The company allotted **3,98,49,320 equity shares** as **partially paid-up shares** (33,04,300 equity shares paid-up at par being ₹1,67,19,000 on 21/01/2022 and ₹1,63,24,000 on 28/02/2022) for a total consideration of ₹39.85 crores. This allotment was made as consideration towards the **Dam Rehabilitation and Improvement Projects (DRIP) Phase-II and Phase-III works** at the following locations:

(i) **Mukurthy Dam**, **Pykara Dam**, and **Pykara New Forebay Dam** in Kundha Generation Circle, Nilgiris District, Tamil Nadu.

(ii) **Kodayar-II Dam** and **Manalar Dam** in Tirunelveli Generation Circle, Kanyakumari, and Theni Districts, Tamil Nadu.

This issuance was authorized as per **G.O. (Ms) No. 65, dated 23 December 2021**, and approved by the Board on **19 March 2022**.

(b) **Fully Paid Equity Shares for East Coast Economic Corridor Phase-II**:

The company allotted **37,50,00,000 equity shares** as **fully paid-up shares at par** for a total consideration of ₹375 crores. These shares were issued to fund the execution of the **East Coast Economic Corridor Phase-II – Chennai Kanyakumari Industrial Project** as part of equity assistance.

The allotment was authorized as per **G.O. (Ms) No. 50, dated 1 October 2021**, and approved by the Board on **19 March 2022**.

(c) **Fully Paid Equity Shares for Tamil Nadu Transmission System Improvement Project**:

The company allotted **6,40,90,000 equity shares** as **fully paid-up shares at par** for a total consideration of ₹64.09 crores. These shares were issued to fund the execution of

S. RAM & Co. L CHENNAI CHARTERED ACCOUNTANTS

the **Tamil Nadu Transmission System Improvement Project** under JICA (Japan International Cooperation Agency) funding.
The allotment was authorized as per **G.O. (Ms) No. 56, dated 26 October 2021**, and approved by the Board on **19 March 2022**.

Observations and Compliance:
We have reviewed the board resolutions, government orders, and supporting documentation related to these issuances. Based on our audit, the share allotments were conducted in compliance with applicable laws, regulations, and the company's Articles of Association. The disclosures in the financial statements regarding these issuances are adequate and appropriately presented. No material discrepancies were noted during the review of the accounting treatment for these share issuances.

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 S. Ram & Co., FRN: 002841S
Chartered Accountants

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 12/05/2025
UDIN: 25022020BMKZXO4404

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, 2022 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

S. RAMA & CO. CHENNAI CHARTERED ACCOUNTANTS

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.

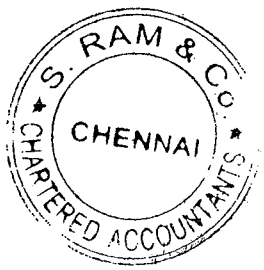
Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2022, 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 S. Ram & Co., FRN: 002841S
Chartered Accountants



CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 12/05/2025
UDIN: 25022020BMKZXO4404

Annexure C

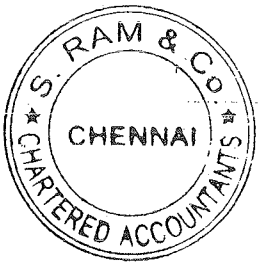
With regard to the Directions issued by the Comptroller and Auditor General of India on the basis of checks we considered appropriate and according to the information and explanation are given to us during the course of our audit, we report that

1. The Company has freehold land as explained and the from the documents produced that the land property was in the former name of TNEB being Madras Electric Supply Corporation Company.and during the year, while adopting Ind AS has recognized fair value of land as freehold land 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, 2022.

For S. Ram & Co., FRN: 002841S
Chartered Accountants



CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 12/05/2025
UDIN: 25022020BMKZXO4404

S. RAM & CO
Chartered Accountants

No. 63, East Vanniar Street,
West K.K. Nagar, Chennai - 600 078.
Mobile : 94440 29640
Email : sramandco@gmail.com
URL : www.sramandco.com
GSTIN : 33AARFS6334C1Z7

Partners : S. Ramalingam, FCA V. Bagyarani, FCA D.S. Rema, FCA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TNEB LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We draw attention to our earlier audit report dated 12/05/2025 on the standalone financial statements of TNEB Limited for the year ended 31/03/2022, we inadvertently missed to report that the previous year financials were not yet approved by the stake We have corrected our report on the standalone financial statements accordingly, this revised audit report supersedes our earlier report

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 2022, 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 ,2022, 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, 2022.

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, 2022, 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 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 understated of income in the Statement of Profit and Loss Account and the receivable from TANGEDCO to that extent in the Balance Sheet respectively.

c) It has come to our attention that the audited financial statements for the financial year ended March 31, 2021, which formed the comparative figures in the financial statements for the year ended March 31, 2022, were not yet placed before the Annual General Meeting (AGM) of the members for their adoption as required under the applicable provisions of the Companies Act, 2013, at the time of signing our report.

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 **qualified 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 scepticism 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:

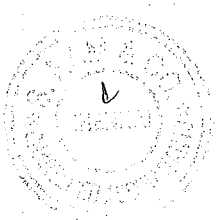
a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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.

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 no pending litigations on the financial position in the standalone Ind AS financial statements.

ii. The Company has not made any provision in its standalone Ind AS financial statements, as required under the applicable law or accounting standards, as there no material foreseeable losses.

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

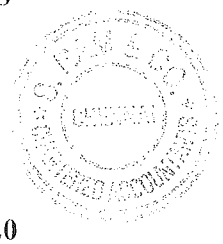
2. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in Paragraphs 3 and 4 of the Order.



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 S. Ram & Co., FRN: 002841S
Chartered Accountants





CA. S. Ramalingam. FCA.
Partner- Membership No : 022020
Place : Chennai.
Date : 28/08/2025
UDIN: 25022020BMKZYM8593

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 2022, we report that:

i) *a. The Company has not maintained any Fixed Assets Register, but produced to us an Microsoft Excel Updating Statement, showing full particulars including quantitative details and the situation of the 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 (Reorganization 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 the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, 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 2022, 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.

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) **Shares Issued During the Year:**
During the financial year ended 31/03/2022, the company allotted equity shares as follows:

(a) **Partially Paid Equity Shares**:
The company allotted **3,98,49,320 equity shares** as **partially paid-up shares** (33,04,300 equity shares paid-up at par being ₹1,67,19,000 on 21/01/2022 and ₹1,63,24,000 on 28/02/2022) for a total consideration of ₹39.85 crores. This allotment was made as consideration towards the **Dam Rehabilitation and Improvement Projects (DRIP) Phase-II and Phase-III works** at the following locations:

(i) **Mukurthy Dam**, **Pykara Dam**, and **Pykara New Forebay Dam** in Kundha Generation Circle, Nilgiris District, Tamil Nadu.

(ii) **Kodayar-II Dam** and **Manalar Dam** in Tirunelveli Generation Circle, Kanyakumari, and Theni Districts, Tamil Nadu.

This issuance was authorized as per **G.O. (Ms) No. 65, dated 23 December 2021**, and approved by the Board on **19 March 2022**.

(b) **Fully Paid Equity Shares for East Coast Economic Corridor Phase-II**:
The company allotted **37,50,00,000 equity shares** as **fully paid-up shares at par** for a total consideration of ₹375 crores. These shares were issued to fund the execution of the **East Coast Economic Corridor Phase-II – Chennai Kanyakumari Industrial Project** as part of equity assistance.
The allotment was authorized as per **G.O. (Ms) No. 50, dated 1 October 2021**, and approved by the Board on **19 March 2022**.

(c) **Fully Paid Equity Shares for Tamil Nadu Transmission System Improvement Project**:
The company allotted **6,40,90,000 equity shares** as **fully paid-up shares at par** for a total consideration of ₹64.09 crores. These shares were issued to fund the execution of

the **Tamil Nadu Transmission System Improvement Project** under JICA (Japan International Cooperation Agency) funding.
The allotment was authorized as per **G.O. (Ms) No. 56, dated 26 October 2021**, and approved by the Board on **19 March 2022**.

Observations and Compliance:
We have reviewed the board resolutions, government orders, and supporting documentation related to these issuances. Based on our audit, the share allotments were conducted in compliance with applicable laws, regulations, and the company's Articles of Association. The disclosures in the financial statements regarding these issuances are adequate and appropriately presented. No material discrepancies were noted during the review of the accounting treatment for these share issuances.

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 S. Ram & Co., FRN: 002841S
Chartered Accountants

CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 28/08/2025
UDIN: 25022020BMKZYM8593

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, 2022 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, 2022, 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 S. Ram & Co., FRN: 002841S
Chartered Accountants

CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date :
UDIN Date : 28/08/2025
UDIN: 25022020BMKZYM8593

Annexure C to the Independent Auditors' Report:

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

I The Company does not maintain an independent IT system for accounting purposes, as it has minimal financial transactions during the year and no regular operations. Basic accounting is carried out using manual records, with reliance on the shared ERP infrastructure of its subsidiary, TANGEDCO, as and when required. There is no material impact on the integrity of the accounts due to this arrangement.

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

III The Company has neither received nor receivable any grants, subsidies, or similar funds from the Central or State Governments during the financial year under review. Accordingly, the question of accounting treatment and utilization thereof does not arise.

For S. Ram & Co., FRN: 002841S
Chartered Accountants



CA. S. Ramalingam. FCA.
Partner.
Membership No : 022020

Place : Chennai.
Date : 28/08/2025
UDIN: 25022020BMKZYM8593

MANAGEMENT REPLY OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR OF TNEB LIMITED ON THE STANDALONE ACCOUNTS FOR THE YEAR 2021-22

Reply to Observations of Independent Auditor of Holding Company TNEB Ltd

Sl. No.	Observations of Statutory Auditors	Management 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, 2022, 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 understated 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 of holding company is shared between TANGEDCO and TANTRANSCO being subsidiary companies, no income is recognized separately for TNEB Limited.
	Report on other legal and Regulatory Requirements:	
h.	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
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 Limited is a holding company and operational only for recovering/equity assistance and subsequent investment in subsidiary companies the internal audit wing of TANGEDCO is adequate.
ii	Corporate social responsibility committee has not been formed as stipulated u/s.135 of the Companies	Corporate social responsibility committee will be formed as stipulated u/s 135 of the Companies

Sl. No.	Observations of Statutory Auditors	Management Reply
	Act, 2013.	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.c
Mobile : 99411 69860 / 86089 5143

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

[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 Complex), No.144, Annasalai, Chennai-600 002 for the financial year ending 31.03.2022. 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 31.03.2022 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 31.03.2022 accordingly the provisions of the following acts have been complied with by the company during the financial year 2021-22 except to the extent described in Annexure I to this report.

S. Dhandapani ACMA., ACS.
Practicing Company Secretary

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

TNEB Limited-Secretarial Audit Report 2021-22

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

(ii) Other Laws as contained in the List attached hereto to the extent applicable to the Company. (Annexure 2).

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

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TNEB Limited- Secretarial Audit Report 2021-22

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.

Place: Chennai-87
Date: 14.02.2023
UDIN: A020564D003152077

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

TNEB LIMITED

Annexure-1 Observations on Secretarial Audit for the Financial Year 2021-22

Board Meetings

1. Board meetings for third quarter (October-December 2021) not held during the FY 2021-22.

2. In the board meeting held on 19.01.2022 D. Sureshkumar has been appointed as compliance officer under SEBI (LODR) Regulations, 2015. The provisions of the said regulations are not applicable to the company.

Conducting Annual General Meeting

As per the available records AGM for the financial year 2021-22 is yet to be held. Any belated holding of AGM beyond the due date including extension thereto accorded by the ministry of corporate affairs requires approval of 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 ACMA., ACS.
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Allotment of Shares

Allotment of 44, 23, 94,300 equity shares of Rs.10/ has been done on preferential basis. Provisions of section 62 (1) (c) has to be complied with including passing of special resolution for offer of shares, Valuation certificate from the registered valuer for the said offer, offer and acceptance of offer by the prospective allottee and related ROC filings.

Date: 14.02.2023
Place: Chennai-87

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.c
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Annexure to Secretarial Audit Report for the Financial Year 2021-22

Annexure-2- 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.

f) Public Liability Insurance Act, 1991

-Other Labour Legislations.

a) Industrial Disputes Act, 1947

b) Minimum Wages Act, 1948

c) Payment of Wages Act, 1936

S. Dhandapani ACMA., ACS.
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Annexure to Secretarial Audit Report for the Financial Year 2021-22

F) Payment of Bonus Act, 1965

e) Labour Welfare Fund (Tamilnadu) Act

f) Industrial Employment (Standing Orders) Act, 1946

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

Date: 14.02.2023
Place: Chennai-87

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

TNEB Limited

The Reply for the Secretarial Audit Report for the FY 2021-22.

S. No	QUERY	REPLY
1	Board meetings for third quarter (October – December 2021) not held during the FY 2021-22.	Main activity of the Holding Company (TNEB Ltd) is an investment company where there is 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 meeting 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	In the board meeting held on 19.01.2022 D.Sureshkumar has been appointed as compliance officer under SEBI (LODR) Regulations, 2015. The provisions of the said regulations are not applicable to the company.	**CS S. Dhandapani:** Appointment of Company Secretary as compliance officer is optional. **CS-TNEB Reply** No further action is required
3	**Conducting Annual General Meeting** As per the available records AGM for the financial year 2021-22 is	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

	yet to be held. Any belated holding of AGM beyond the due date including extension thereto accorded by the ministry of corporate affairs requires approval of central government u/s 460 of the Companies Act, 2013 and Rules relevant therto.	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 ERP based accounting system, consolidation of accounts and balance sheet shall be placed before AGM on finalisation of financial accounts of TC and TR. **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
4	**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.163 (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. Our group companies come under a 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 Board of Director for appointment of Independent Director on the Board.
5	**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 notifications 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.
6	**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 debendures and other security holdings d. Related party disclosures & Bodies in which directors are interested	As per notification issued by MCA vide notification dated 5th June, 2015 [GSR 463 (E)], the below mentioned exemptions given to Govt Company 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

	e. Register of Charges f. Register of Fixed Assets g. Register of Loans, guarantees, Security and Acquisitions made by the company	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.
	Allotment of Shares Allotment of 44, 23, 94, 300 equity shares of Rs.10/ has been done on preferential basis. Provisions of section 62 (1) (c) has to be complied with including passing of special resolution for offer of shares, Valuation certificate from the registered valuer for the said offer, offer and acceptance of offer by the prospective allottee and related ROC filings.	The equity shares issued are not preferential shares and rights issue only. Hence the allotment of these shares are to be considered under 62(1)(a) of the Companies Act which does not require to be passed as a Special Resolution and also does not need to obtain Valuation certificate. **CS S. Dhandapani:** Pl check with resolution passed in this regard. Copies of resolution, letter of offer and relinquishment, list of allotment etc for allotment may pl be made available. **CS-TNEB Reply:** The details will be provided during next audit.

Company Secretary/TNEB Ltd

TNEB Limited

Balance Sheet as at 31 March 2022

(in INR crores)

Particulars	Note	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	263.18	263.91
Capital work-in-progress	4(a)	29.68	25.39
Financial assets			
(i) Investments	5	25,809.15	25,366.75
Total non-current assets		26,102.01	25,656.05
Current assets			
Financial assets			
(i) Cash and cash equivalents	6	0.05	0.05
(ii) Other financial assets	7	5.76	4.97
Other current assets	8	0.04	0.04
Total current assets		5.85	5.06
TOTAL ASSETS		26,107.86	25,661.11
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	25,818.34	25,375.94
Other equity	10.1 to 10.2	251.85	252.58
Total equity		26,070.19	25,628.52
LIABILITIES			
Current liabilities			
Financial liabilities			
(i) Other financial liabilities	11	37.59	32.52
Other current liabilities	12	0.08	0.07
Total current liabilities		37.67	32.59
TOTAL EQUITY AND LIABILITIES		26,107.86	25,661.11

See accompanying notes to the financial statements

As per our report of even date
For S. RAM & CO
Chartered Accountants
Firm No.0002841S

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXO4404

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

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

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Sureshkumar
Company Secretary

Place: Chennai
Date : 12.05.2025

TNEB Limited
Statement of Profit and Loss for the year ended 31 March 2022

(in INR crores)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
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 S. RAM & CO
Chartered Accountants
Firm No.0002841S

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXO4404

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

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Sureshkumar
Company Secretary

Place: Chennai
Date : 12.05.2025

TNEB Limited
Statement of Cash Flows for the year ended 31 March 2022

(in INR crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
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	(0.79)	(0.73)
(Increase) decrease in other current assets	-	-
Increase (decrease) in other financial liabilities	5.07	2.92
Increase (decrease) in other current liabilities	0.01	(0.02)
Cash generated from (used in) operations	4.29	2.17
Income taxes paid (net)	-	-
Net cash flow from (used in) operating activities (A)	4.29	2.17
Cash flows from investing activities		
Acquisition or construction of capital work-in-progress	(4.29)	(2.17)
Acquisition of investments	(442.40)	-
Net cash flow from (used in) investing activities (B)	(446.69)	(2.17)
Cash flow from financing activities		
Proceeds from issue of equity share capital	442.40	-
Net cash flow from (used in) financing activities (C)	442.40	-
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 S. RAM & CO
Chartered Accountants
Firm No.0002841S

S. RAM & CO CHENNAI CHARTERED ACCOUNTANTS

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXO4404

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

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Sureshkumar
Company Secretary

Place: Chennai
Date : 12.05.2025

TNEB Limited
Statement of Changes in Equity for the year ended 31 March 2022

(in INR crores)

A. Equity share capital

Particulars	No. of Shares	Amount
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
Balance as at 1 April 2021	25,37,59,43,714	25,375.94
Changes in equity share capital during the year		
Add: Issued during the year	44,23,94,300	442.40
Balance as at 31 March 2022	25,81,83,38,014	25,818.34

B. Other equity

Particulars	Reserves and surplus	Total
	Retained earnings	
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
Balance as at 1 April 2021	252.58	252.58
Profit / (loss) for the year	(0.73)	(0.73)
Other comprehensive income for the year	-	-
Balance as at 31 March 2022	251.85	251.85

See accompanying notes to the financial statements

As per our report of even date
For S. RAM & CO
Chartered Accountants
Firm No.0002841S

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXO4404

For and on behalf of the Board of Directors of
TNEB Limited
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J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Sureshkumar
Company Secretary

Place: Chennai
Date : 12.05.2025

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.

These financial statements were approved for issue by the Board of Directors on 12.05.2025.

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 as given below 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.

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.

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 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 'ease.

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 2021-22.

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below.

i. Ind AS 16 – *Property, Plant and Equipment (PPE)*
The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing while preparing the asset for its intended use (if any), shall not be recognised in the Statement of Profit and Loss but deducted from the directly attributable cost considered as part of cost of an item PPE. The Company has evaluated the amendment and there is no impact in recognition of its property, plant and equipment on its financial statements.

ii. Ind AS 37 – *Provisions, Contingent Liabilities and Contingent Assets*
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

iii. Ind AS 109 – *Financial Instruments*
The amendment clarifies the fees to be included in applying the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

TNEB Limited
Notes to the financial statements for the year ended 31 March 2022

(in INR crores)

4(a) Property, plant and equipment and capital work-in-progress
Reconciliation of carrying amount

Particulars	Freehold land	Buildings and other civil works*	Plant and Machinery	Vehicles	Furnitures and fixtures	Office equipment	Total (A)	Capital work-in-progress (B)	Total (A+B)
Cost or deemed cost (Gross carrying amount)									
Balance as at 1 April 2020	236.28	27.23	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	27.23	0.51	0.11	0.92	0.32	265.37	25.39	290.76
Balance as at 1 April 2021	236.28	27.23	0.51	0.11	0.92	0.32	265.37	25.39	290.76
Additions during the year	-	-	-	-	-	-	-	4.29	4.29
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	236.28	27.23	0.51	0.11	0.92	0.32	265.37	29.68	295.05
Accumulated depreciation and impairment losses									
Balance as at 1 April 2020	-	0.58	0.04	-	0.11	-	0.73	-	0.73
Depreciation during the year	-	0.58	0.04	-	0.11	-	0.73	-	0.73
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	1.16	0.08	-	0.22	-	1.46	-	1.46
Balance as at 1 April 2021	-	1.16	0.08	-	0.22	-	1.46	-	1.46
Depreciation during the year	-	0.58	0.04	-	0.11	-	0.73	-	0.73
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	1.74	0.12	-	0.33	-	2.19	-	2.19
Carrying amount (net)									
As at 31 March 2021	236.28	26.07	0.43	0.11	0.70	0.32	263.91	25.39	289.30
As at 31 March 2022	236.28	25.49	0.39	0.11	0.59	0.32	263.18	29.68	292.86

*Buildings and Other civil works have been clubbed during the current year, while in previous year the same was shown separately.

Note:

1 Title deeds of the immovable properties mentioned above are in the name of the Madras Electricity Corporation (Erstwhile TNEB Ltd) and the Company is in the process of registering the same in the name of the Company.

Capital work-in-progress

Ageing of capital work-in-progress as at 31 March 2022

	Amount in CWIP for a period of				Total
Capital work-in progress	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.29	2.17	3.20	20.02	29.68
Projects temporarily suspended	-	-	-	-	-
Total	4.29	2.17	3.20	20.02	29.68

Ageing of capital work-in-progress as at 31 March 2021

	Amount in CWIP for a period of				Total
Capital work-in progress	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.17	3.20	8.44	11.58	25.39
Projects temporarily suspended	-	-	-	-	-
Total	2.17	3.20	8.44	11.58	25.39

(in INR crores)

5 Financial assets - Investments

	31 March 2022	31 March 2021
Non-current investments		
Investment in subsidiaries		
a. Tamil Nadu Generation and Distribution Corporation Limited		
20,06,11,26,573 (31 March 2021: 20,05,78,22,273) equity shares of INR 10 each	20,061.13	20,057.82
b. Tamil Nadu Transmission Corporation Limited		
5,748,023,478 (31 March 2021: 5,308,933,478) equity shares of INR 10 each	5,748.02	5,308.93
	25,809.15	**25,366.75**
All units are in absolute numbers		
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	25,809.15	25,366.75
Aggregate amount of impairment in value of investments	-	-

6 Financial assets - Cash and bank balances

	31 March 2022	31 March 2021
Balances with banks		
Balance in current account	0.05	0.05
	0.05	**0.05**

7 Other financial assets

	31 March 2022	31 March 2021
Receivable from related parties	5.76	4.97
	5.76	**4.97**

8 Other current assets

	31 March 2022	31 March 2021
Prepaid expenses	0.04	0.04
	0.04	**0.04**

9 Equity share capital

(in INR crores)

	31 March 2022	31 March 2021
Authorized		
30,00,00,00,000 shares (31 March 2021: 30,00,00,00,000) equity shares of INR 10 each		
	30,000.00	30,000.00
	30,000.00	30,000.00
Issued, subscribed and paid-up[1]		
25,81,83,38,014 (31 March 2021: 25,37,59,43,714) equity shares		
of INR 10 each fully paid up	25,818.34	25,375.94
	25,818.34	25,375.94

[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 2022		31 March 2021	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	25,37,59,43,714	25,375.94	25,37,59,43,714	25,375.94
Issued during the year	44,23,94,300.00	442.40	-	-
At the end of the year	25,81,83,38,014	25,818.34	25,37,59,43,714	25,375.94

Note : The company has allotted 3,98,49,320 equity shares during the year as partially paid 33,04,300 up at par in consideration towards Dam Rehabilitation and Improvement works in (DRIP) Phase-II & III Works in Mukurthy Dam, Pykara Dam and Pykara New Forebay Dam in Kundha Generation Circle, Nilgiris District and Kodayar II Dam and Manalar Dam in Tirunelveli Generation Circle in Kanyakumari and Theni Districts of Tamil Nadu for an amount of Rs. 3984.94 Lakhs - G.O. (Ms) No.65 dated 23 Decemeber 2021 vide Board Approval dated 19 March 2022 and 3,50,00,000 equity shares during the year as fully pad up at par in consideration towards execution of East Coast Economic Corridor Phase II Chennai Kanyakumari Industrial Project Releasing of Fund of Rs. 375 crores Equity Assistance vide G.O.(MS). No.50, dated 01 October 2021, vide Board approval dated 19 March 2022, and and 6,40,90,000 equity shares during the year as fully paid up at par in consideration towards execution of Implementation of Tamil nadu Transmission System improvement project under JICA funding - release of Fund to the tune of Rs. 64.09 crores vide G.O.(MS). No.56, dated 26 October 2021 vide Board approval dated 19 March 2022.

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share 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 2022		31 March 2021	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,81,83,38,014	25,818.34	25,37,59,43,714	25,375.94
	25,81,83,38,014	25,818.34	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 2022		31 March 2021	
	No. of shares*	% held	No. of shares*	% held
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,81,83,38,014	100.00%	25,37,59,43,714	100.00%
	25,81,83,38,014	100.00%	25,37,59,43,714	100.00%

e) Disclosure of Shareholding of Promoters

	31 March 2022			31 March 2021		
Promoter Name	No. of shares*	% held	% change	No. of shares*	% held	% change
Government of Tamil Nadu	25,81,83,38,014	100.00%	1.71%	25,37,59,43,714	100.00%	0.00%
	25,81,83,38,014	100.00%	1.71%	25,37,59,43,714	100.00%	0.00%

*Shares details are in absolute numbers.

10.1 Other equity

	31 March 2022	31 March 2021
Retained earnings	251.85	252.58
	251.85	252.58

10.2 Retained earnings

	31 March 2022	31 March 2021
Opening balance	252.58	253.31
Add: Profit (loss) for the year	(0.73)	(0.73)
Add : Other comprehensive income for the year, net of tax	-	-
Closing balance	251.85	252.58

(in INR crores)

11 Other financial liabilities

	31 March 2022	31 March 2021
Payable to related parties	37.59	32.52
	37.59	32.52

12 Other current liabilities

	31 March 2022	31 March 2021
Provision for liability of expenses	0.08	0.07
	0.08	0.07

(in INR crores)

13 Depreciation and amortization expense

	Year ended 31 March 2022	Year ended 31 March 2021
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-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

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

	Year ended 31 March 2022	Year ended 31 March 2021
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 2022	Year ended 31 March 2021
Opening balance	25,37,59,43,714	25,37,59,43,714
Effect of fresh issue of shares	44,23,94,300	-
Closing balance of issued equity shares	**25,81,83,38,014**	**25,37,59,43,714**
Weighted average number of equity shares for the year	**25,56,16,07,713**	**25,37,59,43,714**
Basic and diluted earnings per share (In INR)	**(0.00)**	**(0.00)**

Financial Instruments Disclosures

(in INR crores)

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 The capital structure is as follows:

Particulars	31 March 2022	31 March 2021
Total liabilities	37.67	32.59
Less: Cash and cash equivalents	0.05	0.05
Adjusted net debt (A)	37.62	32.54
Total equity (B)	26,070.19	25,628.52
Gearing ratio (A/B)	0.00	0.00

16 Financial instruments by category

Particulars	31 March 2022			31 March 2021		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Cash and cash equivalents	-	-	0.05	-	-	0.05
Other financial assets	-	-	5.76	-	-	4.97
Total assets	-	-	5.81	-	-	5.02
Financial liabilities						
Other financial liabilities	-	-	37.59	-	-	32.52
Total liabilities	-	-	37.59	-	-	32.52

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.

(in INR crores)

18 Financial risk management

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

	31 March	31 March
Financial assets for which loss allowance is measured using 12 months ECL		
Current financial assets		
(i) Cash and cash equivalents	0.05	0.05
(ii) Other financial assets	5.76	4.97
	5.81	5.02

Provision for ECL

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

The Company has assets where the counter-parties 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 2022 and 31 March 2021 :

Particulars	31 March 2022				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Other financial liabilities	-	5.07	2.92	29.60	-

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	-

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 2022	31 March 2021
Tamil Nadu Generation and Distribution Corporation Lin	India	100	100
Tamil Nadu Transmission Corporation Limited	India	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

Thiru. Pankaj Kumar Bansal,I.A.S - Chairman cum Managing Director (from 08 June 2020 to 17 May 2021)
Thiru. Rajesh Lakhoni,I.A.S - Chairman cum Managing Director (from 17 May 2021 to Till date)

Directors

Tmty. M.A. Helen Director (Distribution) (from 02 November 2015 to 05 August 2021)
Thiru. M.Sivalingarajan - Director (Distribution) (from 19 January 2022 to Till Date)
Thiru. R. Ethiraj - Director (Generation) (from 24 October 2019 to 05 August 2021)
Thiru.U.B.Eleni Director (Generation) (from 19 January 2022 to Till date)
Thiru. K. Sundaravadhanam - Director (Finance) (from 24 September 2018 to Till date)
Thiru. S. Shanmugam - Part time Director / TG (from 01 March 2016 to Till date)
Thiru. S. Krishnan, I.A.S ., Additional Chief Secretary to Govt (Finance Department) - Director (Ex-Officio) (from 01 July 2019 to 06 November 2021)
Thiru. Prashant M.Wadnere,I.A.S., Additional Chief Secretary to Govt (Finance Department) (from 27 December 2021 to Till date)
Thiru. S.K. Prabakar, I.A.S., Principal Secretary to Govt (Energy Department) - Director (Ex-Officio) (from 08 June 2020 to 26 May 2021)
Thiru. Dharmendra Pratap Yadav,I.A.S., Principal Secretary to Govt (Energy Department) (from 05 August 2021 to 06 November 2021)
Thiru. Ramesh Chand Meen.,I.A.S (Additional Secretary to Govt) Energy Department (from 06 November 2021 to Till date)
Tmty. V.Amudavalli, I.A.S., Additional Secretary to Govt (Industries Department) -Director (Ex-Officio) (from 23 September 2020 to 05 August 2021)
Thiru. Anil Meshram ,I.A.S (Industries Department) (from 05 August 2021 to Till date)

Company secretary

D. Suresh Kumar (from 20 July 2021 to 19 August 2021), (from 02.11.2021 to Till date)
Thiru. K.Sundaravadhanam (from 19 August 2021 to 1 November 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 o
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 sha
be regarded as related parties. Transactions with these parties are carried out at market terms at arm length basis. The Company has applied the exemptio
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 2022	Year ended 31 March 2021
Tamil Nadu Transmission Corporation Limited	Reimbursement of TNEB Expenses	0.79	0.73
Tamil Nadu Generation and Distribution Corporation Limited	Reimbursement of TNEB Expenses	5.08	2.92

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

Name of the related party	Nature of relationship	31 March 2022	31 March 2021
Tamil Nadu Transmission Corporation Limited	Subsidiary	5.76	4.97
Tamil Nadu Generation and Distribution Corporation Limited	Subsidiary	37.59	32.52

d. Sharing of Expenses

Nature of Expenses	2021-22		2020-21	
	Share of Tangedco	Share of Tantransco	Share of Tangedco	Share of Tantransco
Maintenance of headquarters building expenses	1.02	0.68	0.85	0.57
Maintenance of Delhi Guest House Expenses	0.12	0.08	0.16	0.10
Consultancy charges	0.00	0.00	0.08	0.05
Audit Fees	0.01	0.01	0.01	0.00

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.

21 Income Tax

(in INR crores)

A Amounts recognized in the Statement Profit and Loss

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	-	-
Deferred tax expense/ (income)	(0.22)	1.03
Reversal of Deferred tax expense/ (income) (refer note B below)	0.22	(1.03)
Tax expense for the year	-	-

B Movement in deferred tax balances

	31 March 2022			
	Opening balance	Recognized in profit or loss*	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax assets				
Property, plant and equipment	(14.29)	2.06	-	(12.23)
Carry forward losses	(44.00)	(2.28)	-	(46.28)
	(58.29)	(0.22)	-	(58.51)
Net tax (asset) / liabilities	(58.29)	(0.22)	-	(58.51)

p	31 March 2021			
	Opening balance	Recognized in (profit)/ loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax				
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)

*The Company has recognized deferred tax asset only to the extent of deferred tax liability. The Company has not recognized any deferred tax assets 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 2021-22 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 result 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**

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 **Contingent liabilities**

The Company has no contingent liabilities as of 31 March 2022 and 31 March 2021. The total capital commitment pertaining to the capital work-in-progress as on 31 March 2022 is INR 13.58 crores (31 March 2021: INR 18.24 crores).

26 **Right of Way** - TNEB Ltd did not have Right of Way, hence not provided in the SFS. However, relevant disclosures is provided in CFS since the subsidiaries had Right of Way assets.

27 **MSME** - Since TNEB Ltd did not have any trade payables including MSME payables, this disclosures is not applicable.

28 **Age-wise trade payable** – The only payable for TNEB Ltd is payable to TANGEDCO which is presented as 'other financial liabilities' in the SFS.

29 **Trade receivables** - The only receivable for TNEB Ltd is receivable from TANTRANSCO which is presented as 'other financial assets' in the SFS. Since TNEB Ltd has no other receivables, disclosure for 'trade receivables' is not applicable to SFS.

30 **Additional regulatory information**

1. **Details of benami properties:** There are no benami properties held by the Company as on date of financials. Hence the additional disclosure as specified in the said notification Companies Act 2013 is not applicable to the Company.

2. **Relationship with struck off companies:** There is no transaction with struck off Companies during year.

3. **Registration of charges or satisfaction with Registrar of Companies (ROC):** The Company does not have any loans or borrowings, therefore registration of charges with ROC is not applicable.

4. **Compliance with number of layers of companies:** Clause (87) of Sections 2, Section 450 read with sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 and Section 2 Companies (Restriction on number of layers) Rules, 2017, Government Companies are exempt from requirements of disclosing the number of layers of its holding in subsidiaries . Hence the additional disclosure as specified in the notification no.GSR 207(e) dated 24th March 2021 to Companies Act 2013 is not applicable to the Company.

5. **Details of Crypto Currency or Virtual Currency:** The Company has not traded or invested in crypto currency or virtual currency during the current financial year or any of the previous financial years.

TNEB Limited
Notes to the financial statements for the year ended 31 March 2022

31 Financial Ratios

(in INR crores)

Sl No	Ratios	UOM	Numerator	Denominator	As at 31 March 2022 Numerator	As at 31 March 2021 Numerator	As at 31 March 2022 Denominator	As at 31 March 2021 Denominator	s at 31 March 202	s at 31 March 202	% ofVariance	Reason for Variance in excess of 25%
1	Current ratio	in times	Current Assets	Current Liabilities	5.85	5.06	37.67	32.59	0.16	0.16	0.02%	
2	Return on equity	%	Net profit after tax (-) Preference dividend (if any)	Average networth (or) Equity shareholders fund	(0.73)	(0.73)	26070.19	25628.52	(0.00)	(0.00)	-1.69%	
3	Return on capital employed	%	Profit before tax plus Interest on long term loans and debentures	Net worth + Total borrowings + Deferred Tax	(0.73)	(0.73)	26070.19	25628.52	(0.00)	(0.00)	-1.69%	

32 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.

33 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 S. RAM & CO
Chartered Accountants
Firm No.0002841S

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXO4404

Place: Chennai

Date : 12.05.2025

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

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Sureshkumar
Company Secretary

S. RAM & CO
Chartered Accountants

CFS

No. 63, East Vanniar Street,
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URL : www.sramandco.com
GSTIN : 33AARFS6334C1Z7

Partners : S. Ramalingam, FCA V. Bagyarani, FCA D.S. Rema, FCA

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 2022, 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 2022, 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 2022.*

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

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).*

2. *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.*

3. *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.*

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, 2022, and the same was rectified through a revision in the year 31st March 2022, in stand-alone financials. Accordingly, in the consolidated financial statement of 31st March 2022, the revised 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 2022, we are not in a position to comment the correctness or

RAM & CO CHENNAI CHARTERED ACCOUNTANTS

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.

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:

Property, Plant and Equipment (PPE)

1. *In respect of the fair valuation exercise of PPE, carried out as on the date of transition to Ind AS i.e., 1st April 2019 and having an impact on the opening balance of PPE as on 1st April 2021, we observed the following:*

   a) *In general, with regard to quantity, date of capitalisation and the useful life of PPE as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above requires 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 lands, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing lands have not been made available. Further, documents provided for land area measurement do not correspond 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 land.*

   d) *In respect of building and other civil works, 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.*

RAM & CO CHENNAI CHARTERED ACCOUNTANTS

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 a cumulative basis in the order mentioned above on the base acquisition cost for arriving at the fair value as on 1st April2019 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.

In view 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 additions to PPE during the Financial year 2021-22, we observed the following:

a) In respect of additions to the value of Plant and Machinery and other assets during the year, cost adopted for value of materials issued upto 31st March 2021, ie., prior to the date of implementation of ERP is at standard cost and not at actual cost which is not in accordance with Ind AS 16. Further in respect of some account rendering units, the value of additions to plant and machinery is the work order sanctioned amount which is only an estimated value which is also not in accordance with Ind AS 16.

b) In respect of Interest During Construction (IDC) at 10.24% and other overheads at 4.29% capitalised to the cost of each asset/component of asset (except land and other non-qualifying assets), no information or explanations have been provided to substantiate the rate of capitalisation and period of charge.

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c) *We are unable to comment on whether physical verification of PPE has been conducted during the year since no reports were made available to us for our verification.*

d) *The Company has not conducted any impairment assessment of its PPE including co-generation facilities located at sugar mills and other financial assets.*

e) *Balance of PPEs as at the yearend appears as credit balance in the books of various account rendering units which is neither explained nor corrected.*

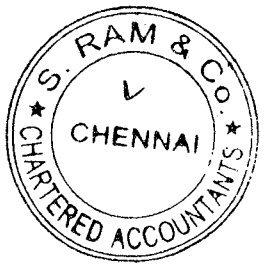
f) *Accounting procedure followed for sale or scrapping of assets is not in compliance with accounting standard. In the absence of information including listing and computations in respect of Profit/Loss on sale of disposed assets, we are unable to ascertain the impact of such disposals on the statement of profit and loss for depreciation and consequential profit and/or loss on such sale or scrapping of assets for the year ended and PPE balances thereon.*

g) *In respect of value of capital spares included as part of Plant and Equipment, information and explanations have not been provided and hence we are unable to comment on the correctness of value of Plant and Equipment given in the financial statement to that extent.*

Further, in respect of capital spares at various account rendering units, there are no movements from opening balance. In the absence of information and year wise list, we are unable to confirm whether such materials are usable or obsolete and require provision to be made for obsolescence.

3. *The balance as per PPE Register maintained in SAP has not been reconciled with the balance as per books of account. In the absence of such reconciliation, we are unable to comment on the completeness and accuracy of the PPE balance.*

4. *Several work orders have been capitalised during the year ended 31st March 2022 and forming part of PPE whereas such completed work orders have been considered as part of PPE at the time of transition to Ind AS. Consequently, the PPE balance in respect of these work orders, to the extent already capitalized may be overstated. The consequential impact on the PPE and Statement of Profit and Loss is unascertainable due to nonavailability of proper information and explanations.*



5. *Reference is drawn to Note 4a of the financial statements wherein additions/ deletions during the year and opening / closing balances of PPE have not been presented in accordance with Schedule III of the Companies Act, 2013 including differences noted in the carry forward of previous year closing balance.*

Description	Note Reference	Ind AS balance as at		Difference
		31st March 2021	1st April 2021	
Cost or deemed cost (Gross carrying amount)				
Buildings and other civil works	4a	3,811.22	5,673.09	(1,861.87)
Plant and Equipment	4a	51,670.41	50,617.89	1,052.52
Vehicles	4a	24.71	24.74	(0.03)
Capital Spares and Others	4a	1,875.19	1,065.80	809.39
Accumulated depreciation and impairment losses				
Building and other civil works	4a	299.43	359.75	(60.32)
Plant and Equipment	4a	7,151.80	7,445.12	(293.32)
Office Equipment	4a	46.27	46.31	(0.04)
Others	4a	592.77	239.09	353.68

6. *Total depreciation provided for the current year Rs 3,819.00 Crores (Previous year Rs 3,924.17 Crores) does not correspond with the total additions to and/or opening gross carrying amount of PPE made during the current year which we are unable to confirm the correctness thereof in the absence of information and explanations.*

7. *In respect of devolution of assets for the purpose of repair and reuse or sale as scrap, the accounting treatment given in the books of account is not appropriate as regards removal of assets from PPE balance and corresponding accumulated depreciation of such assets.*

8. *Reference is drawn to Note 4c –intangible assets under development amounting to Rs 86.72 Crores as at the yearend, which comprises SAP ERP already been put to use by the Company with effect from 1st April 2021. The same is still shown as intangible assets under implementation and has not been amortised in accordancewith Ind AS 38 – Intangible Assets.*

   Further, the above balance also includes a sum of Rs 2.11 Crores pertaining to employee benefit cost. In the absence of information and explanations, we are unable to ascertain whether such amount is required to be charged off in the Statement of Profit and Loss.

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CWIP

9. *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, to the extent already capitalized as part of PPE, may be overstated. The consequential impact on the CWIP, PPE and statement of profit and loss account is unascertainable due to nonavailability of proper information and explanations.*

   b) *Work order and scheme wise listing for CWIP balances are not being maintained. Therefore, we are unable to comment on the completeness and accuracy of the same.*

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

   d) *Revenue expenses amounting to Rs 5,875.22 Crores pertaining to earlier years have been capitalized and included as part of CWIP balances*

10. *Reference is drawn to Note 4(a) – Property, Plant and Equipment 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.*

11. *Periodical settlement process in ERP as regards unmapped legacy work orders created prior to implementation of ERP has not been carried out properly. Consequently, an amount of Rs 198.29 Crores incurred during the year in respect of these legacy work orders remain in capital consumption and WIP upgradation accounts in various account rendering units which are classified as Other expenses*

    – Repairs and Maintenance. The CWIP and/or PPE balances are understated, and loss overstated to the extent of the aforesaid amounts.

12. *In various account rendering units, payments made to vendors have been posted to CWIP instead of relevant vendor account. This error in posting has an impact on both balances of CWIP and vendor outstanding.*

13. *Balance of CWIP as on 31st March 2022 includes value of work completed but pending to be capitalised. Further, CWIP balance also includes completed work orders that have been considered as part of PPE at the time of transition to Ind AS.*

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Borrowing costs/ Overheads

14. *As regards borrowing cost capitalized:*

    a) *for additions made to PPE during the Financial Years 2019-20 and 2020-21 isnot in accordance with the recognition principles contained in Ind AS 23 - Borrowing costs as regards identification of qualifying assets, borrowing cost eligible for capitalisation, cost of borrowings adopted, commencement, suspension, cessation of capitalisation, in respect of which the impact on the opening gross carrying amount of the relevant PPE is not ascertainable,*

    b) *amounting to Rs 4,720.30 Crores during the year, including an amount ofRs 2,346.37 Crores in Headquarters' books of account, and contained in closing balance of Capital Work in Progress as at the yearend, in the absence of information and explanation including work order wise details, we are unable to comment on whether the same is in accordance with the recognition principles contained in Ind AS 23 – Borrowing costs and there is any effect onthe Statement of Profit and Loss for the year,*

    c) *amounting to Rs 514 Crores during the year for Uppur Project, temporarily suspended, the same is not in accordance with recognition principles contained in Ind AS 23 – Borrowing costs.*

15. *The basis of capitalisation of employee cost at 4.29% is done on estimated man- days (or) hours likely to be incurred on capital works or works capitalised rather than on actual man-days (or) hours spent on such works, which is not in accordance with measurement principles contained in Ind AS 16 – Property, Plantand Equipment.*

16. *In certain account rendering units, borrowing costs and overheads have not been capitalized in respect of work orders capitalised and/or in progress due to which the balances of PPE are understated, and corresponding expenses overstated.*

Inventory

17. *Opening inventory other than coal has been valued considering the rate as per the latest purchase order which is not in accordance with Ind AS 2 - Inventories. The consequential impact on the Statement of Profit and Loss for the current year is not ascertainable in the absence of information and explanations.*

18. *Closing value of coal Includes estimated figures of ocean freight component whichis not in accordance with applicable Ind AS-2 - Inventories.*

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19. *In respect of coal inventory, an amount of Rs 152.83 Crores being difference between value of physical inventory and books at the respective account rendering units still forms part of inventory balance as at the yearend. No proper information and explanations were provided for retaining the above value as partof inventory. This has the effect of overstatement of inventory balance and corresponding understatement of loss for the year.*

20. *Conveyance loss and operational loss of coal inventory has not been ascertained and accounted at North Chennai Thermal Power Station 2, value of which is not ascertainable in the absence of information and explanations.*

21. *Opening balances of inventory other than coal includes balances migrated from the erstwhile accounting software into SAP which displays negative balance amounting to Rs.1,518.72 Crores in respect of which no information or explanation have been provided.*

22. *Inventory balance as per Material Management module in SAP does not reconcilewith the Inventory balance as per general ledger in SAP at various account rendering units.*

23. *An amount of Rs 17.70 Crores pertaining to material cost variance has been recognised as an expenditure in the Statement of Profit and Loss during the year in respect of which no explanation and information have been provided as regards the accounting treatment as well as cost attributable to closing inventory. Consequently, we are unable to comment whether the closing inventory has been correctly stated.*

Finance Liabilities

24. *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 and statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.*

25. *In several account rendering units, balances of vendor and TDS payable appear asdebit balance which are unadjusted and unreconciled. In the absence of information and explanations, we are unable to ascertainable the impact of the Statement of Profit and Loss and the correctness of such debit balances as at the year end.*

26. *Reference is drawn to Note 22 – Other financial liabilities wherein payment entries against employee benefits payable have been recorded both at Headquarters and account rendering units which has resulted in the understatement of employee benefits payable and corresponding balances with bank by Rs 933.90 Crores.*

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27. *In several account rendering units, vendor invoices are accounted net of retention amounts and in effect retention amount recovered from contractors/vendors are not recorded as a liability at the time of receipt and recording of invoice. Consequently, the impact of closing vendor balance and the corresponding expenditure/asset balances is not ascertainable in the absence of information andexplanations.*

28. *The balance of vendors prior to implementation of ERP in most of the account rendering units have not been recorded in respective vendor's sub-ledgers and recorded only in the vendor control account in the general ledger. However, subsequent payments to vendors against such opening balances have been recorded in the respective sub-ledgers. Consequently, we are unable to confirm the vendor wise balances outstanding as at the yearend as well the ageing of such balances which is required to be disclosed as per Schedule III of Companies Act, 2013.*

29. *Provision of salaries for employee transferred between account rendering units are not properly accounted in ERP at various account rendering units. The consequentimpact of such non provision on the Statement of Profit and Loss account for the year is not ascertainable in the absence of information and explanations.*

30. *Belated payment surcharge payable amounting to Rs 5,421.26 Crores has not been provided for by the Company.*

31. *Reference is drawn to Note 51 - Contingent liabilities, wherein the Company is required to recognise and provide for the following liabilities in the books of account and the same has not been done:*

    a) *Impact of Frauds and Embezzlements detected in preceding years amountingto Rs 20.63 Crores,*

    b) *Water Cess payable to TN Pollution Control Board upto the year ended 31st March 2022 amounting to Rs 696.65 Crores,*

    c) *Lease rent payable to TN Forest department amounting to Rs 888.00 Crores,*

    d) *Lease rent payable to Port amounting to Rs. 158.02 Crores,*

    e) *Reference is drawn to Note 73 – Other notes regarding non-moving / obsolete stores amounting to Rs 53.88 Crores,*

    f) *Liability for default and delay in remittance of Tax Deduction liabilitiesunder the Income Tax Act, 1961 amounting to Rs 8.81 Crores,*

    g) *Grade slippage bills received from coal vendor amounting to Rs. 16.60 Crores*

    h) *Balance of GST amount charged by M/s. BHEL for construction of SEZ projectin Ennore amounting to Rs 122.07 Crores, after considering an amount of Rs. 70.83 Crores which was paid on Adhoc basis subject to the final decision tobe taken by the board.*

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32. *Reference is drawn to Note 58 regarding contract awarded to Lanco Infratech ("Lanco") by the Company and terminated due to non-performance, in respect of which bank guarantee amounting to Rs 723.00 Crores was invoked by the Company and the same was accounted as income in prior years. In the proceedingsof Corporate Insolvency Resolution process initiated against Lanco, NCLT approved Rs 708.38 Crores against the Company's claims. In respect of the excess amount of Rs 14.62 Crores recovered through the bank guarantee invoked, the Company is required to provide for the excess amount to be refunded in the books of accounts. This has an effect of overstatement of retained earnings and understatement of current liabilities to that extent.*

33. *Reference is drawn to Note 20 – Current financial liabilities – Borrowings regarding a sum of Rs 23.04 Crores being short provision of penal interest upto the yearend on principal amount payable in respect of Ways and Means Advance of Rs 1,000 Crores obtained from the Government of Tamil Nadu. This has resulted in understatement of Other Financial Liabilities and interest expense under finance cost (Note 30) to that extent.*

Statutory Liabilities

34. *The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/HR module in SAP does notreconcile with the books of account. In the absence of adequate information, the difference and the correctness of interest liability recognized in the books of account could not be confirmed. Further, in respect of CPS scheme, the recovery atthe agreed proportion of 1/7th of total expense from TANTRANSCO has not been recovered from them in accordance with the Company's policy of apportionment of employee liability.*

35. *The Company's books of account have not been reconciled with the reported values of turnover and Input Tax Credit availed under the GST Act, the impact of which is not ascertainable as also the corresponding liability if any.*

36. *Payment towards Labour Welfare Fund recoveries have not been properly accounted in the books of account.*

37. *Provision for bonus and ex-gratia made in the books of account of various account rendering units do not correspond to statements and documents provided by the unit.*

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Deposit Contribution Works (DCW)

38. *Reference is drawn to Note 25 - Revenue from operations, wherein an amount of Rs 1527.03 Crores (Previous year Rs 1618.35 Crores) has been recognised as income during the year under the head 'Income from other services provided to customers. This represents moneys collected from its consumers against cost of infrastructure and other works against which the Company has an obligation to perform.*

    In the absence of information and explanations, we are unable to ascertain whether performance obligation have been completed by the Company in respect of such amounts recognised as income in accordance with recognition principles contained in Ind AS 115 – Revenue from contract with customers.

Others

39. *There are old balances of various asset and liability general ledgers whose values aggregate to Rs 1,826.51 Crores and Rs 9,048.80 Crores respectively as at the yearend appearing as legacy balances without having any movement in most of the account rendering units. These general ledgers balances have been categorised under various assets and liabilities in the Financial statements for the year ended 31st March 2022 in respect of which no information or explanations have been provided. Consequently, we are unable to confirm the accuracy of such asset and liability balances and whether there is any impact on the Statement of Profit and Loss for the year ended 31st March 2022.*

40. *Transactions relating to Co-generation facilities during the year have not been accounted in the books of accounts.*

41. *In Tirunelveli account rendering unit (EDC), in the previous year audited accounts an accounting entry for an expenditure amounting to Rs.420.88 Crores was made without proper approval which may have impacted the previous year audited financial statement and consequently the current year financial statement also.*

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

Statutory Compliance

43. *The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952 as regards investment of the employees' contributions to various terminal benefit funds including Family Benefit Funds, General Provident fund and Contributory Pension Scheme with matching contributions by the Company in accordance with the Act.*

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44. *The Company has not prepared and annexed a Consolidated Financial Statement of its accounts with Udangudi Power Corporation Limited, NTPC Tamilnadu Energy Company Ltd., (NTECL) and NLC Tamilnadu Power Ltd., (NTPL) which is not in accordance with Companies Act, 2013.*

Actuarial valuation

45. *In the absence of documents and information substantiating the validation of employees and pensioners master data and benefit paid against obligation as well as the assumption used for the valuation including salary growth rate, discount rate used, 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.*

46. *The value of provision made for employee benefits by the Company in the books of account falls short by Rs 672.53 Crores as compared to the total liability required to be made as per the Company's policy of apportionment of employee liability 6at the rate of 6/7th of the total liability.*

Inter Company /Inter Unit

47. *As regards inter unit and inter-company balances with Tamil Nadu Transmission Corporation Limited (TANTRANSCO) and TNEB Limited,*

    a) *Reference is drawn to Note 24 regarding an amount of Rs. 4,137.91 Crores shown under other current liabilities (Previous Year Rs 693.61 Crores in Note 13 – Other Current Assets) representing unreconciled interunit balances.*

    b) *Reference is drawn to Note 11 regarding unreconciled balance of Rs. 284.75 Crores with TANTRANSCO as at the year end.*

Schedule III - Companies Act, 2013

48. *The Company does not maintain a list of vendors who are categorised as MSME and registered under MSMED Act, 2006. Consequently, we are unable to ascertain whether the provisions of MSMED Act have been fully complied as regards transactions including settlement of dues within the time limits prescribed under that Act and payment/provision of prescribed interest for delayed settlements. The value of overdue and interest payable and the consequent impact on the Statement of Profit and Loss is not ascertainable in the absence of adequate information and explanations.*

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49. *In the absence of information and explanations, we are unable to confirm whether trade receivable balances have been classified according to their tenure of outstanding and nature of dispute, if any, in accordance with Schedule III of the Companies Act, 2013.*

50. *In the absence of information and explanations, we are unable to confirm whether trade payable balances have been classified according to their tenure of outstanding and nature of dispute in respect of MSME vendors, if any, in accordance with Schedule III of the Companies Act, 2013.*

51. *Balances lying in Capital Work in Progress have not been classified according to their tenure in accordance with Schedule III of the Companies Act, 2013.*

52. *Information relating to intangible assets under implementation including time and cost overrun have not been disclosed in accordance with Schedule III of the Companies Act, 2013.*

53. *Disclosures relating to working capital limits obtained by the Company on the basis of security of current assets have not been disclosed in accordance with Schedule III of the Companies Act, 2013.*

54. *In the absence of information and explanation, we are unable to confirm whether disclosure relating to title deeds of land have been fully disclosed in accordance with Schedule III of the Companies Act, 2013.*

55. *Information relating to Registration of charges or satisfaction with Registrar of Companies has not been disclosed in accordance with Schedule III requirements.*

56. *Reasons for major variance (More than 25%) in disclosure of financial ratios have not been disclosed in accordance with Schedule III requirements.*

Borrowings

57. *Reference is drawn to Note 10 – Financial assets – cash and bank balances which include transactions during the year in cash credit from banks accounts and consequent balance as at the yearend have been grouped under the head balances with bank – on current account while the opening balance of cash credit from banks as at 1st April 2021 of Rs 5,860.82 Crores have been disclosed under Note 20 – Current financial liabilities – borrowings. Consequently, balances with bank – on account and cash credit from banks have not been disclosed correctly.*

Finance Cost

58. *Reference is drawn to Note 10 relating Finance cost – other borrowing cost is understated by Rs. 1.34 Crore due to short provision of interest on CPS/GPF balance as on 31st March 2022 resulting in understatement of liability and loss by Rs. 1.34 Crores in respect of certain account rendering units,*

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Financial Assets

59. *Reference is drawn to Note 9 - Financial assets – Trade Receivables, whereinRs. 294.93 Crores representing amounts shown as due from Puduchery Electricity Department has not yet been written off in the books of account and consequently Trade receivable balances are overstated and loss understated to that extent,*

60. *In certain account rendering units, customer collections have not been properly applied towards their respective dues. Consequently, trade receivable balances appear in negative balances as at the yearend in the books of account of such units and we are unable to confirm the correctness of Trade Receivables balance for the Company as a whole.*

61. *Reference is drawn to Note 9 – Financial Assets – Trade receivables which includes unreconciled receivables from HT consumers of Rs 65.49 Crores (Previous YearRs 65.49 Crores) and LT consumers Rs 1,932.39 Crores (Previous Year Rs 1,932.39 Crores). Further, we are unable to confirm whether proper reconciliation exercise for receivables from HT and LT consumers have beencarried out during the year and the correctness of Trade Receivables balance as atthe yearend.*

62. *In respect of certain account rendering units, imprest and temporary advance given to the employees are not adjusted on a timely basis due to delay in submission ofbills and supporting documents by the employees. The consequent impact of non-settlement of advances on a timely basis on the Statement of Profit and Loss for the year ended is not ascertainable.*

63. *The balances of employee wise loans and advances maintained at the account rendering units do not match with the balance available in the books of accounts of the Company.*

64. *In many account rendering units, amounts prepaid are not properly adjusted and accounted in the books of account.*

65. *Reference is drawn to Note 11 - Other Financial Asset, regarding difference in unbilled revenue of LT service connections between billing software and books of account of a few account rendering units by Rs 179.16 Crores remains unreconciled and unexplained. The differences are on account of non-reversal of previous year end accrual entries as well as non-accrual of current year revenue in respect of a few account rendering units. This has resulted in the overstatement of both revenuefrom operations as well other financial assets.*

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Capital material consumption

66. *Reference is drawn to Note 32 – Other expenses regarding a sum of Rs 30.63 Crores (Credit) relating to capital material consumed classified under Repairs and Maintenance – Plant and Machinery. In the absence of information and explanations, we are unable to confirm whether this results in the understatement of loss in the Statement of Profit and Loss and/or correctness of the CWIP balance as at the yearend.*

67. *An amount of Rs 384.61 Crores representing capital materials has been transferred to CWIP balance without adequate supporting against each work order. Similarly, an amount of Rs 122.53 Crores representing revenue materials has been transferred to CWIP balance without adequate supporting against each work order. Consequently, we are unable to confirm the correctness of CWIP balance as at the yearend.*

Depreciation

68. *In most of the account rendering units, depreciation has not been provided in respect of legacy balances as well as additions during the year posted manually, impact of which cannot be quantified in the absence of information and explanations.*

Grants

69. *A sum of Rs 23.60 Crores representing grants received from World Bank in respect of Dam Rehabilitation and Improvement Project (DRIP) Scheme has been incorrectly accounted under inter unit accounts and not recognised in accordance with Ind AS 20 – Government Grants.*

Cash/Bank

70. *Bank Reconciliation has not been done for many bank accounts at various account rendering units and Headquarters. Further, closing balance of banks in various account rendering units shows huge credit balance for which no information and explanations were provided.*

71. *At Headquarters, no entries have been accounted for payment made during the year for deductions towards LIC, GPF, society, PLI made from employees because of an ERP error. Consequently, bank balances remain unreconciled.*

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

73. *Cheques in transit, cheques on hand, stale cheque and uncleared cheques remain unadjusted in respect of which no information for subsequent realisations have been made available at various account rendering units. Further, collection cheques are appearing in stale cheque account at various account rendering units for which no information and explanations have been provided.*

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Balance of cash on hand shows huge balance in some account rendering units as at the yearend. Further, physical balance of cash and as per books of account remain unreconciled.

74. *Balances in fixed deposits amounting to Rs 2,320.74 Crores as per confirmation of balance have not been reconciled with books of accounts*

75. *Reference is drawn to Note 10 – cash and cash equivalent, which comprises cash on hand Rs 32.45 Crores (net) and the balance represents imprest, cheques on hand, temporary advance which have been classified as cash on hand balance as at tne yearend.*

Revenue

76. *Reconciliation of revenue between separate billing software and books of accounthas not been done. Consequently, the impact on both revenue and receivable balance at the yearend of certain account rendering units is not ascertainable.*

    For instance, in Chennai South I account rendering unit, an amount of Rs 917.91 Crores pertaining to LT and HT have not been accounted in the books of account resulting in understatement of revenue and understatement of trade receivable balances.

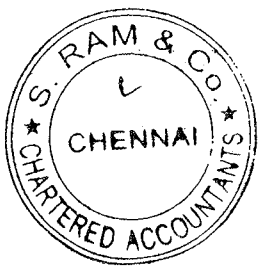
77. *Invoices raised for sale of fly ash, scrap and mill reject coal through a separate ZEN accounting software which are not captured in books of account at various account rendering units. Consequently, the impact on both revenue and receivablebalance at the yearend of certain account rendering units is not ascertainable.*

Purchase

78. *In certain accounting rendering units, invoices for purchases of solar power have not been accounted properly during the year which has an impact on the Statement of Profit and Loss.*

79. *The Company has not accrued for the amounts due in respect of excess O&M expenditure, capital expenditure and additional profit earned by the NLC during the years from 2009-14 based on CERC orders passed with the applicable interestfrom the date on which the amount in dispute was payable/refundable.*

    Non-accrual of the above sum from the date of orders of the CERC has resulted in overstatement of trade payable and loss to the Company, the impact of which could not be quantified due to non-availability of relevant information andexplanations.



Ind AS

80. *As regards compliance with Ind AS 109 - Financial Instruments, the following non-compliances were noted:*

    a) *Concessional loans obtained from the government has not been measured as per the recognition and measurement principle laid as per Ind AS 109.*
    b) *Employee Loans of Rs 267.29 Crores has not been measured using the Effective Interest Rate as prescribed in the Ind AS 109.*
    c) *As per the current practice, the company applies a flat 2.5% on Trade receivable for the purpose of arriving at Expected Credit Loss (ECL). But thereis no ECL framework/policy are in possession with management and no trendanalysis were carried out in a way to validate the application of such 2.5%.*
    d) *Discount on issue of bonds has not been amortised over the tenure of the bond.*

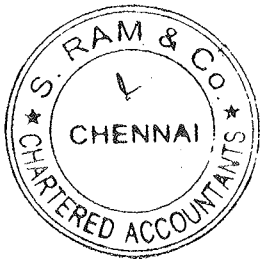
81. *As regards compliance with Ind AS 116 -Leases, the Company has not measured the Right Of Use Asset and Liability as per the provisions contained in IND AS 116 - Leases with respect to the building taken on lease for the purpose of providing staff accommodation. Since the relevant details with respect to the lease is not provided to us, the financial impact of the same cannot be quantified.*

82. *As regards compliance with Ind AS 21 - Effect of Changes in Foreign Exchange rates, the Company has not measured the forex gain or loss as per the measurementprinciple laid down in the standard therein.*

83. *As regards compliance with Ind AS 105 - Noncurrent Assets held for sale, since the company does not have a proper system in place to identify and report the assets that are solely held for sale rather than future economic use, we are unable to comment on the compliance with respect to Ind AS 105.*

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) 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 Standalone Financial Statements* section of our report.

We are independent of the Company in accordance with the Code of Ethics issued bythe 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 requirementsand the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.



Emphasis of Matter

The Company has accumulated loss amounting to Rs 151,638.78 Crores. However, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern since the company is carrying on its business operations and financial support has been assured by Tamil Nadu Government by G.O.(Ms).no. 38 dated 18.08.2021.

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, the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2022.*

2. *Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its fellow subsidiary company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 221.65 crores payable pending confirmation from the said party. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and a difference of Rs.283.60 crores receivable pending for the further reconciliation. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

3. *Attention is drawn to note 25 of the financial statements under Other Non-Operating Income, which includes unreconciled inter unit opening balance of Rs. 30.31 crores, which has been transferred to statement of Profit and Loss.*

4. *Attention is drawn to notes 16, 22 and 32 of the financial statements, where the Company has recognised an amount of Rs.7758.68 crores as liability based on an available independent actuarial valuation. Since the Company has no employees on its own, based on its Board's policy, the amount recognised by the Company represents about 1/7th of the total employee cost incurred by TANTRANSCO. Attention is drawn to note 32(B) read with note 26 of the financial statements. The amount of Employee benefit expenses of Rs.1,210.05 crores is carrying the impact of available actuarial valuation's cumulative true-up upto FY 2020-21. In the absence of sufficient appropriate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/ liability in its books and its compliances with Ind AS 19 - Employee Benefits.*

5. *Attention is drawn to note 40 and note 46 of the Financial Statements, where complete disclosures as required under Ind AS 24 – Related Party Disclosures and Ind AS 108 – Operating Segments has not been made by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance of Ind AS 108 – Operating Segments and Ind AS 24 – Related Party Disclosures.*

6. *(a) Attention is drawn to note 23 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.*

   (b) Turnover for the FY 2021-22 is Rs.3,631.28 crores, but as per GSTR-3B return it is Rs.2,843.32 crores. Turnover of Rs.787.96 crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable potion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2022 and the corresponding impact on statutory liabilities as at 31st March 2022

7. *(a) Attention is drawn to note 7 of the Financial Statements, party-wise break-up and confirmation of balances of trade receivables not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials.*

   (b) Attention is drawn to note 20 of the Financial Statements, ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

8. *Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

9. *Attention is drawn to note 18 of the Financial Statements, In the absence of appropriate documentary evidences, we are unable to verify the correctness of Government grant additions of Rs.5.03 crores received during the year. Also, In the absence of the details of opening balances and its corresponding amortizations, we are unable to assess the accuracy of the carrying values.*

10. *Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

11. *There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities as detailed below. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

12. *Attention is drawn to note 4(b) of the Financial Statements, wherein Intangible assets of Rs.21.84 crores is shown as Intangible assets under development are not evidenced by proper documents. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

13. *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 Adverse 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.

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

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).

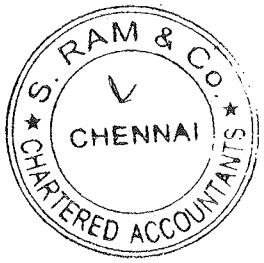
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: the selection and application of appropriate accounting policies; making 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.

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.

S. P. A. M. & CO. CHENNAI CHARTERED ACCOUNTANTS

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 2022, 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. 1,87,252.18 Crores** as at 31st March 2022, **total revenue of Rs. 66,430.65 Crores and net cash outflows amounting to Rs. 832.40 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.

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

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.

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

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 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 2022 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 2022 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 2022 and in case of subsidiary companies, the managerial remuneration for the year ended 31st March 2022 has been paid/provided by the subsidiaries is in accordance with the provisions of Section 197 read with Schedule V of the Act.

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

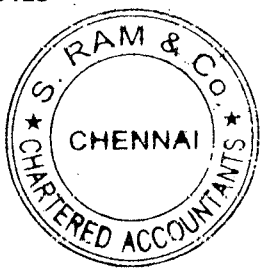
h) With respect to the other matter to be included in the auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:

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 S. Ram & Co., FRN 002841S
Chartered Accountants



CA. S. Ramalingam. FCA.
Partner .Mem. No. 022020

Place : Chennai.
Date :12/05/2025
UDIN: 25022020BMKZXP1515

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 2022 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.

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

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 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 Adverse opinion on the internal Financial Controls of the company.

Adverse Opinion

In our Opinion, to the best of our information and according to the explanations given to us, the Company does not have an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at March 31, 2022, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

Basis of Adverse Opinion

The Company did not have an appropriate Internal Control over Financial Reporting in respect of the following aspects:

1. *Ineffective supervision over the Company's Internal Financial Controls over financial reporting by those charged with governance.*
2. *Ensuring compliance with the applicable accounting standards regarding*
   a) *validating the completeness and accuracy of cost, including the direct costs eligible for capitalisation, of Property, Plant and Equipment (PPE),*
   b) *establishing a process of periodic verification of PPE and reconciling the same with the PPE register and books of account,*
   c) *validating the correctness of classification of the PPE and intangible assets.*
3. *Absence of a comprehensive policy/circular relating to capitalisation of borrowing costs considering the requirements of Ind AS 23 – Borrowing costs.*
4. *Process of identifying, determining qualifying assets, work order wise, and related borrowing cost resulting in incorrect recognition of PPE/Capital Work In Progress (CWIP) and related expenditure. Similarly, assets created out of government grants and deposit contribution received from customers are not identified separately to enable depreciation computation as well exclusion from capitalisation of borrowing costs.*
5. *In many cases, assets of the company are capitalised on approval of corresponding work bills for payment/ financial closure of work orders which is after the date on which the assets are ready for use which is against criteria for capitalisation prescribed in Ind AS 16 - Property, Plant and Equipment, leading to delay in the recognition of assets.*
6. *Process of evaluating completeness and accuracy of transactions relating to impairment and derecognition of PPE based on the periodic verification and technical evaluations.*
7. *Internal financial controls prescribed over accounting and reconciling bank transactions not operating effectively in many account rendering units, potentially resulting in incorrect accounting and reporting of bank transactions and balances.*

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

8. *Process for identifying, recognizing, accounting, impact of physical verification and determining the obsolescence of inventory and related expenses for the year.*

9. *Process for accounting of inter-unit transactions and reconciliation balances thereon not operating effectively resulting in huge unreconciled balances in inter- unit accounts and resultant misstatement of account balances. The amount of unreconciled differences stated in Para 47 of the Basis for Adverse Opinion section indicates the depth of deficiency in internal financial control over financial reporting as regards inter unit transactions.*

10. *Manual posting of journal entries by Headquarters towards payment made to vendors on behalf of various account rendering units and not routing it through SAP ERP process leading to such entries not getting mirrored in account rendering units concerned and consequential effect on the vendor balances, being both unadjusted and unreconciled.*

11. *Lack of effective process and controls over assessment of the health of its investments to ascertain provisioning required for impairment, if any.*

12. *Absence of processes to reconcile material deficiencies identified between the balances as per Company's books of account and its group entities.*

13. *Lack of integration and reconciliation of various software and ERP modules for various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's books of account, leading to manual intervention in respect of which internal controls are pervasively and persistently deficient.*

14. *Deficiency in supervision and control over online collections resulting in excess collections reported by banks.*

15. *Lack of evaluation of internal financial controls and risk management systems by the Company required under section 177(4) (vii) of the Companies Act, 2013.*

16. *Absence of the process of obtaining balance confirmation and reconciliation of loans and advances, deposits, party wise trade payable and receivable, Goods and Service Tax, Retentions, other financial liabilities and Co-Generation units.*

17. *Lack of internal audit system required by Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014.*

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

18. *Non implementation of Risk Control Matrix (RCM) for various operational activities of the Company resulting in non-evaluation of adequacy of the internal control process.*

19. *Manual posting of accounting entries even after implementation of SAP ERP resulting in failure to ensure that the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.*

20. *Non-adherence to Delegation of Power matrix leading to possible unauthorised entries being recorded.*

21. *Following are the major issues observed during the audit on implementation of SAP ERP:*

    a) *There are no system controls in place to prevent or detect the omission or duplication or wrong accounting of transactions in the books of accounts.*

    b) *There is no consistency in data entry since multiple general ledger codes are being used to account for one or similar type of transaction. Further, we noted that there is no updated accounting manual or implementation of procedures specified in the accounting manual.*

    c) *There is no system in place to ensure the implementation of maker-checker procedure which is provided as part of the design in SAP ERP at the transaction level data entry. This is against the principles of segregation of duties which may adversely affect the accuracy of recording of transaction level data.*

    d) *Data migration audit has not been performed to confirm the completeness and accuracy of data migrated to the newly implemented SAP ERP from the erstwhile Oracle ERP.*

    e) *Based on information and explanations provided to us, we understand that details of employee wise advances and other applicable recoveries have been posted as at the SAP ERP implementation date. However, transactions during the year including employee wise fresh staff advances and recoveries made have not been updated. Further, information furnished by the account rendering units as per manual register maintained by them do not tally with general ledger balance of the unit.*

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

f) *In respect of certain general ledger accounts relating to loan principal and interest repayment etc., whose control for operations lie exclusively at Headquarters, accounting entries have been posted into such general ledgers by other account rendering units of the company erroneously evidencing the fact that there is no control to prevent or correct such errors.*

g) *On perusal of details of opening pending work orders, SAP ERP module neither captured nor made it mandatory to capture the following details:*

   i. *Date of work orders*

   ii. *Status of work orders*

   iii. *Work order and year wise details in respect of opening Asset Under Construction (AUC)/ Legacy Internal Work Orders.*

   Further, while some of the work orders have been closed, the status in SAP ERP has not been updated resulting in such closed work orders not getting capitalisation in the books of account.

h) *On our verification of work order creation process, we observed that the work order number is not an auto generated number and is only manually entered in SAP ERP.*

i) *On our verification of general ledger accounts pertaining to AUC and PPE, we observed several unexplained debit entries posted by other account rendering units. These type of errors results in overstating the figures in AUC and/or PPE accounts at the unit level. These discrepancies have not been explained and information have not been available for audit.*

j) *In most of the account rendering units, there is no system in place to ensure the depreciation is charged respect of legacy balances as well as additions during the year posted manually. Further, whenever there is an alteration warranted in the date of capitalization due to correction of some errors, SAP ERP does not consider the altered date for the purpose of depreciation calculation.*

k) *Periodical settlement process in ERP as regards unmapped legacy work orders created prior to implementation of ERP has not been carried out properly. Consequently, amounts incurred during the year in respect of these legacy work orders remain in capital consumption and WIP upgradation accounts in*

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various account rendering units which are classified as Other expenses – Repairs and Maintenance.

l) *There is no provision in SAP ERP for tracking physical inventory movement from the stage of receipt to consumption in respect of coal inventory.*

m) *Individual vendor balances as well as ageing of vendors are not made available in SAP ERP.*

n) *MSME mapping is neither available nor made mandatory in SAP ERP Vendor master. Consequently, we are unable to ascertain whether the provisions of MSMED Act have been fully complied as regards transactions including settlement of dues within the time limits prescribed under that Act and payment/provision of prescribed interest for delayed settlements.*

o) *In several account rendering units, vendor invoices are accounted net of retention amounts and in effect retention amount recovered from contractors/vendors are not recorded as a liability at the time of receipt and recording of invoice.*

p) *Payments made to vendors by the Headquarters on behalf of circles are not settled against vendor liability at the account rendering unit level.*

q) *Material identified as scrap are not routed through SAP ERP - Material Management (MM) module. No details are available for scrap materials.*

r) *Payroll processing during the year was carried out manually at each account rendering unit level up to certain period. Parallelly, payroll processing through SAP ERP – Human Resource (HR) module for the company as whole for the year was again carried out which has resulted in double entries in both expenditure and liability accounts for a certain period.*

s) *Certain account rendering units initiating inter unit transactions with other units are posting entries for such transactions to incorrect units who are unable to confirm and provide explanation as to the nature of such transactions.*

t) *Separate billing software is maintained for recording customer wise revenue billing and customer deposit transaction which is not integrated with SAP ERP. Further, no reconciliation of revenue between such software and ERP has been carried out on real time basis. Consequentially we are unable to confirm the accuracy of revenue and customer deposited recognised.*

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u) *Separate ZEN accounting software is maintained for recording other income including sale of mill reject coal, sale of scrap and sale of fly ash which is not integrated with SAP ERP. Further, no reconciliation of other income between such software and ERP has been carried out on real time basis. Consequentially we are unable to confirm the accuracy of income recognised on such sales.*

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 their opinion, because of the collective effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2022.

They have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in their audit of the standalone financial statements of the Company as at March 31, 2022. These material weaknesses have affected their opinion on the standalone financial statements of the Company and they have issued an adverse opinion on the standalone financial statements.

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

Basis for Adverse Opinion:

1. *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 2022:*
   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.*
   c. *The Company's internal control system with regard to its Capital Work in progress and Property, Plant and equipment is deficient in areas of capitalization, physical verification and consequent impairment.*

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

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

e. *Refer our note in our Basis of Adverse Section, where timely inter-company 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 section 177(4)(vii) of the Companies Act, 2013.*

g. *Controls relating to Information Technology migration to present accounting software are not adequate.*

h. *The company does not have appropriate process with regard to periodic review and audit of the Information Technology general and application controls of the new accounting system.*

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 31st March 2022, 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.

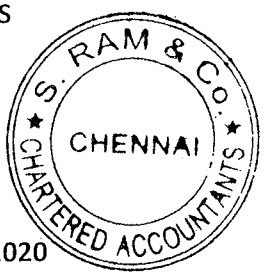
We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31st March 2022, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued a Adverse opinion.

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

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 S. Ram & Co. FRN-002841S
Chartered Accountants



CA. S. Ramalingam. FCA
Partner Membership No : 022020

Place: Chennai.
Date: 12/05/2025
UDIN: 25022020BMKZXP1515

S. RAM & CO
Chartered Accountants

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Independent Auditors' Revised Report on Consolidated Ind AS Financial Statements

To the Members of TNEB Limited

We draw attention to our earlier audit report dated 12/05/2025 on the consolidated financial statements of TNEB Limited for the year ended 31/03/2022, wherein we had expressed a *Qualified Opinion*, which was an inadvertent clerical error, though the intention was to state the *Adverse Opinion*. We have corrected our report on the consolidated financial statements to *Adverse Opinion* to appropriately reflect the material misstatement identified in the financial statements of the subsidiary and its impact on the consolidated financial statements. Accordingly, this revised audit report supersedes our earlier report

Adverse 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 2022, 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 Adverse 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 do not 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 2022, their consolidated loss and their consolidated cash flows for the year ended on that date.

Basis for Adverse 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 adverse 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 2022.
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 the company had to prepare accounts in INDAS format as per NCLT order and in order to give consequential impact of on the opening balance from Annual Accounts of FY 2020-21, revised under Ind AS as allowed by NCLT on 12/06/2023, the Annual Accounts were revised effect 31st March 2022, in stand-alone financials. Accordingly, in the consolidated financial statement of 31st March 2022, the revised financials 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 2022, 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.

c) The consolidated financial statements of the Group for the year ended 31/03/2021, which form the comparative figures in these consolidated financial statements, were not presented to and approved by the shareholders of the Company at any general meeting. Consequently, we do not express any opinion or assurance on whether those comparative financial statements were duly adopted by the shareholders. Our opinion on the current year's consolidated financial statements is modified in respect of this matter.

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

In their opinion and to the best of the information and according to the explanations given to them, because of the significance of the matters discussed in the Basis of Adverse Opinion section of their report, the aforesaid standalone financial statements do not give the information requiredby the Companies Act, 2013 ("the Act") in the manner so required and do not give a true andfair view in conformity with accounting principles generally accepted in India including Indian Accounting Standards("Ind AS") specified under section 133 of the Act, of the state ofaffairs of the Company as at March 31, 2022 and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Adverse Opinion:

Property, Plant and Equipment (PPE)

1. *In respect of the fair valuation exercise of PPE, carried out as on the date of transition to Ind AS i.e., 1st April 2019 and having an impact on the opening balance of PPE as on 1st April 2021, we observed the following:*

   a) *In general, with regard to quantity, date of capitalisation and the useful life ofPPE as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above requires 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 lands, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing lands have not been made available. Further, documents provided forland area measurement do not correspond 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 land.*

   d) *In respect of building and other civil works, 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 databook, 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 a cumulative basis in the order mentioned above on the base acquisition cost for arriving at the fair value as on 1st April2019 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 a cumulative basis.

In view 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 additions to PPE during the Financial year 2021-22, we observed the following:*

a) *In respect of additions to the value of Plant and Machinery and other assets during the year, cost adopted for value of materials issued upto 31st March 2021, ie., prior to the date of implementation of ERP is at standard cost and not at actual cost which is not in accordance with Ind AS 16. Further in respectof some account rendering units, the value of additions to plant and machineryis the work order sanctioned amount which is only an estimated value which is also not in accordance with Ind AS 16.*

b) *In respect of Interest During Construction (IDC) at 10.24% and other overheadsat 4.29% capitalised to the cost of each asset/component of asset (except land and other non-qualifying assets), no information or explanations have been provided to substantiate the rate of capitalisation and period of charge.*

c) *We are unable to comment on whether physical verification of PPE has been conducted during the year since no reports were made available to us for our verification.*

d) *The Company has not conducted any impairment assessment of its PPE including co-generation facilities located at sugar mills and other financial assets.*

e) *Balance of PPEs as at the yearend appears as credit balance in the books of various account rendering units which is neither explained nor corrected.*

f) *Accounting procedure followed for sale or scrapping of assets is not in compliance with accounting standard. In the absence of information including listing and computations in respect of Profit/Loss on sale of disposed assets, we are unable to ascertain the impact of such disposals on the statement of profit and loss for depreciation and consequential profit and/or loss on such sale or scrapping of assets for the year ended and PPE balances thereon.*

g) *In respect of value of capital spares included as part of Plant and Equipment, information and explanations have not been provided and hence we are unableto comment on the correctness of value of Plant and Equipment given in the financial statement to that extent.*

Further, in respect of capital spares at various account rendering units, there are no movements from opening balance. In the absence of information and year wise list, we are unable to confirm whether such materials are usable or obsolete and require provision to be made for obsolescence.

3. *The balance as per PPE Register maintained in SAP has not been reconciled with the balance as per books of account. In the absence of such reconciliation, we are unable to comment on the completeness and accuracy of the PPE balance.*

4. *Several work orders have been capitalised during the year ended 31st March 2022 and forming part of PPE whereas such completed work orders have been considered as part of PPE at the time of transition to Ind AS. Consequently, the PPE balance in respect of these work orders, to the extent already capitalized may be overstated. The consequential impact on the PPE and Statement of Profit and Loss is unascertainable due to nonavailability of proper information and explanations.*

5. *Reference is drawn to Note 4a of the financial statements wherein additions/ deletions during the year and opening / closing balances of PPE have not been presented in accordance with Schedule III of the Companies Act, 2013 including differences noted in the carry forward of previous year closing balance.*

Description	Note Reference	Ind AS balance as at		Difference
		31st March 2021	1st April 2021	
Cost or deemed cost (Gross carrying amount)				
Buildings and other civil works	4a	3,811.22	5,673.09	(1,861.87)
Plant and Equipment	4a	51,670.41	50,617.89	1,052.52
Vehicles	4a	24.71	24.74	(0.03)
Capital Spares and Others	4a	1,875.19	1,065.80	809.39
Accumulated depreciation and impairment losses				
Building and other civil works	4a	299.43	359.75	(60.32)

Plant and Equipment	4a	7,151.80	7,445.12	(293.32)
Office Equipment	4a	46.27	46.31	(0.04)
Others	4a	592.77	239.09	353.68

6. *Total depreciation provided for the current year Rs 3,819.00 Crores (Previous yearRs 3,924.17 Crores) does not correspond with the total additions to and/or openinggross carrying amount of PPE made during the current year which we are unable to confirm the correctness thereof in the absence of information and explanations.*

In respect of devolution of assets for the purpose of repair and reuse or sale as scrap, the accounting treatment given in the books of account is not appropriate as regards removal of assets from PPE balance and corresponding accumulated depreciation of such assets.

7. *Reference is drawn to Note 4c –intangible assets under development amounting toRs 86.72 Crores as at the yearend, which comprises SAP ERP already been put to use by the Company with effect from 1st April 2021. The same is still shown as intangible assets under implementation and has not been amortised in accordancewith Ind AS 38 – Intangible Assets.*

   Further, the above balance also includes a sum of Rs 2.11 Crores pertaining to employee benefit cost. In the absence of information and explanations, we are unable to ascertain whether such amount is required to be charged off in the Statement of Profit and Loss.

CWIP

8. *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 partof 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, to the extent alreadycapitalized as part of PPE, may be overstated. The consequential impact on the CWIP, PPE and statement of profit and loss account is unascertainable due to nonavailability of proper information and explanations.*

   b) *Work order and scheme wise listing for CWIP balances are not being maintained. Therefore, we are unable to comment on the completeness and accuracy of the same.*

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

   d) *Revenue expenses amounting to Rs 5,875.22 Crores pertaining to earlier years have been capitalized and included as part of CWIP balances*

9. *Reference is drawn to Note 4(a) – Property, Plant and Equipment balances wherethe movement of CWIP, both additions to CWIP and transfers/disposal during theyear have not been adequately disclosed. In the absence of proper information andexplanation from management, we are unable to confirm the correctness of the said disclosures.*

Periodical settlement process in ERP as regards unmapped legacy work orders created prior to implementation of ERP has not been carried out properly. Consequently, an amount of Rs 198.29 Crores incurred during the year in respect of these legacy work orders remain in capital consumption and WIP upgradationaccounts in various account rendering units which are classified as Other expenses

– Repairs and Maintenance. The CWIP and/or PPE balances are understated, and loss overstated to the extent of the aforesaid amounts.

10. *In various account rendering units, payments made to vendors have been posted to CWIP instead of relevant vendor account. This error in posting has an impacton both balances of CWIP and vendor outstanding.*

11. *Balance of CWIP as on 31st March 2022 includes value of work completed but pending to be capitalised. Further, CWIP balance also includes completed work orders that have been considered as part of PPE at the time of transition to Ind AS.*

Borrowing costs/ Overheads

12. *As regards borrowing cost capitalized:*

    a) *for additions made to PPE during the Financial Years 2019-20 and 2020-21 isnot in accordance with the recognition principles contained in Ind AS 23 - Borrowing costs as regards identification of qualifying assets, borrowing cost eligible for capitalisation, cost of borrowings adopted, commencement, suspension, cessation of capitalisation, in respect of which the impact on theopening gross carrying amount of the relevant PPE is not ascertainable,*

    b) *amounting to Rs 4,720.30 Crores during the year, including an amount ofRs 2,346.37 Crores in Headquarters' books of account, and contained in closing balance of Capital Work in Progress as at the yearend, in the absence of information and explanation including work order wise details, we are unable to comment on whether the same is in accordance with the recognitionprinciples contained in Ind AS 23 – Borrowing costs and there is any effect onthe Statement of Profit and Loss for the year,*

    c) *amounting to Rs 514 Crores during the year for Uppur Project, temporarily suspended, the same is not in accordance with recognition principles contained in Ind AS 23 – Borrowing costs.*

13. *The basis of capitalisation of employee cost at 4.29% is done on estimated man- days (or) hours likely to be incurred on capital works or works capitalised ratherthan on actual man-days (or) hours spent on such works, which is not in accordance with measurement principles contained in Ind AS 16 – Property, Plantand Equipment.*

In certain account rendering units, borrowing costs and overheads have not been capitalized in respect of work orders capitalised and/or in progress due to which the balances of PPE are understated, and corresponding expenses overstated.

Inventory

14. *Opening inventory other than coal has been valued considering the rate as per the latest purchase order which is not in accordance with Ind AS 2 - Inventories. The consequential impact on the Statement of Profit and Loss for the current year is not ascertainable in the absence of information and explanations.*

15. *Closing value of coal includes estimated figures of ocean freight component whichis not in accordance with applicable Ind AS-2 - Inventories.*

16. *In respect of coal inventory, an amount of Rs 152.83 Crores being difference between value of physical inventory and books at the respective account renderingunits still forms part of inventory balance as at the yearend. No proper information and explanations were provided for retaining the above value as partof inventory. This has the effect of overstatement of inventory balance and corresponding understatement of loss for the year.*

17. *Conveyance loss and operational loss of coal inventory has not been ascertained and accounted at North Chennai Thermal Power Station 2, value of which is not ascertainable in the absence of information and explanations.*

18. *Opening balances of inventory other than coal includes balances migrated from the erstwhile accounting software into SAP which displays negative balance amounting to Rs.1,518.72 Crores in respect of which no information or explanation have been provided.*

19. *Inventory balance as per Material Management module in SAP does not reconcilewith the inventory balance as per general ledger in SAP at various account rendering units.*

20. *An amount of Rs 17.70 Crores pertaining to material cost variance has been recognised as an expenditure in the Statement of Profit and Loss during the year in respect of which no explanation and information have been provided as regardsthe accounting treatment as well as cost attributable to closing inventory. Consequently, we are unable to comment whether the closing inventory has been correctly stated.*

Finance Liabilities

21. *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 and statement of profit and loss for any shortfall/excessof interest on such deposits is not ascertainable.*

22. *In several account rendering units, balances of vendor and TDS payable appear asdebit balance which are unadjusted and unreconciled. In the absence of information and explanations, we are unable to ascertainable the impact of the Statement of Profit and Loss and the correctness of such debit balances as at the year end.*

23. *Reference is drawn to Note 22 – Other financial liabilities wherein payment entries against employee benefits payable have been recorded both at Headquarters and account rendering units which has resulted in the understatement of employee benefits payable and corresponding balances with bank by Rs 933.90 Crores.*

24. *In several account rendering units, vendor invoices are accounted net of retention amounts and in effect retention amount recovered from contractors/vendors are not recorded as a liability at the time of receipt and recording of invoice. Consequently, the impact of closing vendor balance and the corresponding expenditure/asset balances is not ascertainable in the absence of information andexplanations.*

25. *The balance of vendors prior to implementation of ERP in most of the account rendering units have not been recorded in respective vendor's sub-ledgers and recorded only in the vendor control account in the general ledger. However, subsequent payments to vendors against such opening balances have been recorded in the respective sub-ledgers. Consequently, we are unable to confirm thevendor wise balances outstanding as at the yearend as well the ageing of such balances which is required to be disclosed as per Schedule III of Companies Act, 2013.*

26. *Provision of salaries for employee transferred between account rendering units arenot properly accounted in ERP at various account rendering units. The consequentimpact of such non provision on the Statement of Profit and Loss account for theyear is not ascertainable in the absence of information and explanations.*

27. *Belated payment surcharge payable amounting to Rs 5,421.26 Crores has not been provided for by the Company.*

28. *Reference is drawn to Note 51 - Contingent liabilities, wherein the Company is required to recognise and provide for the following liabilities in the books of account and the same has not been done:*

a) *Impact of Frauds and Embezzlements detected in preceding years amounting to Rs. 7.86 Crores,*

b) *Water Cess payable to TN Pollution Control Board upto the year ended 31st March 2022 amounting to Rs 696.65 Crores,*

c) *Lease rent payable to TN Forest department amounting to Rs 888.00 Crores,*

d) *Lease rent payable to Port amounting to Rs. 158.02 Crores,*

e) *Reference is drawn to Note 73 – Other notes regarding non-moving / obsolete stores amounting to Rs 53.88 Crores,*

f) *Liability for default and delay in remittance of Tax Deduction liabilities under the Income Tax Act, 1961 amounting to Rs 8.81 Crores,*

g) *Grade slippage bills received from coal vendor amounting to Rs. 16.60 Crores*

h) *Balance of GST amount charged by M/s. BHEL for construction of SEZ projectin Ennore amounting to Rs 122.07 Crores, after considering an amount of Rs. 70.83 Crores which was paid on adhoc basis subject to the final decision tobe taken by the board.*

29. *Reference is drawn to Note 58 regarding contract awarded to Lanco Infratech ("Lanco") by the Company and terminated due to non-performance, in respect of which bank guarantee amounting to Rs 723.00 Crores was invoked by the Company and the same was accounted as income in prior years. In the proceedingsof Corporate Insolvency Resolution process initiated against Lanco, NCLT approved Rs 708.38 Crores against the Company's claims. In respect of the excessamount of Rs 14.62 Crores recovered through the bank guarantee invoked, the Company is required to provide for the excess amount to be refunded in the booksof accounts. This has an effect of overstatement of retained earnings and understatement of current liabilities to that extent.*

30. *Reference is drawn to Note 20 – Current financial liabilities – Borrowings regarding a sum of Rs 23.04 Crores being short provision of penal interest upto theyearend on principal amount payable in respect of Ways and Means Advance of Rs 1,000 Crores obtained from the Government of Tamil Nadu. This has resulted in understatement of Other Financial Liabilities and interest expense under finance cost (Note 30) to that extent.*

Statutory Liabilities

31. *The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/HR module in SAP does notreconcile with the books of account. In the absence of adequate information, the difference and the correctness of interest liability recognized in the books of account could not be confirmed. Further, in respect of CPS scheme, the recovery atthe agreed proportion of 1/7th of total expense from TANTRANSCO has not been recovered from them in accordance with the Company's policy of apportionment of employee liability.*

32. *The Company's books of account have not been reconciled with the reported values of turnover and Input Tax Credit availed under the GST Act, the impact ofwhich is not ascertainable as also the corresponding liability if any.*

33. *Payment towards Labour Welfare Fund recoveries have not been properly accounted in the books of account.*

34. *Provision for bonus and ex-gratia made in the books of account of various account rendering units do not correspond to statements and documents provided by the unit.*

Deposit Contribution Works (DCW)

35. *Reference is drawn to Note 25 - Revenue from operations, wherein an amount of Rs 1527.03 Crores (Previous year Rs 1618.35 Crores) has been recognised as incomeduring the year under the head 'Income from other services provided to customers. This represents moneys collected from its consumers against cost of infrastructure and other works against which the Company has an obligation to perform.*

    In the absence of information and explanations, we are unable to ascertainwhether performance obligation have been completed by the Company in respect of such amounts recognised as income in accordance with recognition principles contained in Ind AS 115 – Revenue from contract with customers.

Others

36. *There are old balances of various asset and liability general ledgers whose values aggregate to Rs 1,826.51 Crores and Rs 9,048.80 Crores respectively as at the yearend appearing as legacy balances without having any movement in most of the account rendering units. These general ledgers balances have been categorisedunder various assets and liabilities in the Financial statements for the year ended31st March 2022 in*

respect of which no information or explanations have been provided. Consequently, we are unable to confirm the accuracy of such asset and liability balances and whether there is any impact on the Statement of Profit andLoss for the year ended 31st March 2022.

37. *Transactions relating to Co-generation facilities during the year have not been accounted in the books of accounts.*

38. *In Tirunelveli account rendering unit (EDC), in the previous year audited accountsan accounting entry for an expenditure amounting to Rs.420.88 Crores was made without proper approval which may have impacted the previous year audited financial statement and consequently the current year financial statement also.*

39. *Balance confirmation in respect of advance payments made to coal suppliers havenot been provided.*

Statutory Compliance

40. *The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952 as regards investment of the employees' contributions to various terminal benefit funds including Family Benefit Funds, General Providentfund and Contributory Pension Scheme with matching contributions by the Company in accordance with the Act.*

41. *The Company has not prepared and annexed a Consolidated Financial Statementof its accounts with Udangudi Power Corporation Limited, NTPC Tamilnadu Energy Company Ltd., (NTECL) and NLC Tamilnadu Power Ltd., (NTPL) which is not in accordance with Companies Act, 2013.*

Actuarial valuation

42. *In the absence of documents and information substantiating the validation of employees and pensioners master data and benefit paid against obligation as wellas the assumption used for the valuation including salary growth rate, discount rate used, 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.*

43. *The value of provision made for employee benefits by the Company in the books of account falls short by Rs 672.53 Crores as compared to the total liability required to be made as per the Company's policy of apportionment of employee liability 6at the rate of 6/7th of the total liability.*

Inter Company /Inter Unit

44. *As regards inter unit and inter-company balances with Tamil Nadu Transmission Corporation Limited (TANTRANSCO) and TNEB Limited,*

    a) *Reference is drawn to Note 24 regarding an amount of Rs. 4,137.91 Crores shown under other current liabilities (Previous Year Rs 693.61 Crores in Note13 – Other Current Assets) representing unreconciled interunit balances.*

    b) *Reference is drawn to Note 11 regarding unreconciled balance of Rs. 284.75 Crores with TANTRANSCO as at the year end.*

Schedule III - Companies Act, 2013

45. *The Company does not maintain a list of vendors who are categorised as MSME and registered under MSMED Act, 2006. Consequently, we are unable to ascertainwhether the provisions of MSMED Act have been fully complied as regards transactions including settlement of dues within the time limits prescribed underthat Act and payment/provision of prescribed interest for delayed settlements. Thevalue of overdue and interest payable and the consequent impact on the Statementof Profit and Loss is not ascertainable in the absence of adequate information andexplanations.*

46. *In the absence of information and explanations, we are unable to confirm whether trade receivable balances have been classified according to their tenure of outstanding and nature of dispute, if any, in accordance with Schedule III of the Companies Act, 2013.*

47. *In the absence of information and explanations, we are unable to confirm whether trade payable balances have been classified according to their tenure of outstanding and nature of dispute in respect of MSME vendors, if any, in accordance with Schedule III of the Companies Act, 2013.*

48. *Balances lying in Capital Work in Progress have not been classified according totheir tenure in accordance with Schedule III of the Companies Act, 2013.*

49. *Information relating to intangible assets under implementation including time and cost overrun have not been disclosed in accordance with Schedule III of the Companies Act, 2013.*

50. *Disclosures relating to working capital limits obtained by the Company on the basis of security of current assets have not been disclosed in accordance with Schedule III of the Companies Act, 2013.*

51. *In the absence of information and explanation, we are unable to confirm whether disclosure relating to title deeds of land have been fully disclosed in accordance with Schedule III of the Companies Act, 2013.*

52. *Information relating to Registration of charges or satisfaction with Registrar of Companies has not been disclosed in accordance with Schedule III requirements.*

53. *Reasons for major variance (More than 25%) in disclosure of financial ratios havenot been disclosed in accordance with Schedule III requirements.*

Borrowings

54. *Reference is drawn to Note 10 – Financial assets – cash and bank balances which include transactions during the year in cash credit from banks accounts and consequent balance as at the yearend have been grouped under the head balances with bank – on current account while the opening balance of cash credit from banks as at 1st April 2021 of Rs 5,860.82 Crores have been disclosed under Note 20 – Current financial liabilities – borrowings. Consequently, balances with bank – on account and cash credit from banks have not been disclosed correctly.*

Finance Cost

55. *Reference is drawn to Note 10 relating Finance cost – other borrowing cost is understated by Rs. 1.34 Crore due to short provision of interest on CPS/GPF balance as on 31st March 2022 resulting in understatement of liability and loss byRs 1.34 Crores in respect of certain account rendering units,*

Financial Assets

56. *Reference is drawn to Note 9 - Financial assets – Trade Receivables, whereinRs. 294.93 Crores representing amounts shown as due from Puduchery Electricity Department has not yet been written off in the books of account and consequently Trade receivable balances are overstated and loss understated to that extent,*

57. *In certain account rendering units, customer collections have not been properly applied towards their respective dues. Consequently, trade receivable balances appear in negative balances as at the yearend in the books of account of such unitsand we are unable to confirm the correctness of Trade Receivables balance for the Company as a whole.*

58. *Reference is drawn to Note 9 – Financial Assets – Trade receivables which includes unreconciled receivables from HT consumers of Rs 65.49 Crores (Previous YearRs 65.49 Crores) and LT consumers Rs 1,932.39 Crores (Previous Year Rs 1,932.39 Crores). Further, we are unable to confirm whether proper reconciliation exercise for receivables from HT and LT consumers have beencarried out during the year and the correctness of Trade Receivables balance as atthe yearend.*

59. *In respect of certain account rendering units, imprest and temporary advance givento the employees are not adjusted on a timely basis due to delay in submission ofbills and supporting documents by the employees. The consequent impact of non-settlement of advances on a timely basis on the Statement of Profit and Loss for the year ended is not ascertainable.*

60. *The balances of employee wise loans and advances maintained at the account rendering units do not match with the balance available in the books of accountsof the Company.*

61. *In many account rendering units, amounts prepaid are not properly adjusted and accounted in the books of account.*

62. *Reference is drawn to Note 11 - Other Financial Asset, regarding difference in unbilled revenue of LT service connections between billing software and books ofaccount of a few account rendering units by Rs 179.16 Crores remains unreconciled and unexplained. The differences are on account of non-reversal of previous year end accrual entries as well as non-accrual of current year revenue in respect of a few account rendering units. This has resulted in the overstatement of both revenuefrom operations as well other financial assets.*

Capital material consumption

63. *Reference is drawn to Note 32 – Other expenses regarding a sum of Rs 30.63 Crores (Credit) relating to capital material consumed classified under Repairs and Maintenance – Plant and Machinery. In the absence of information and explanations, we are unable to confirm whether this results in the understatementof loss in the Statement of Profit and Loss and/or correctness of the CWIP balanceas at the yearend.*

64. *An amount of Rs 384.61 Crores representing capital materials has been transferredto CWIP balance without adequate supporting against each work order. Similarly, an amount of Rs 122.53 Crores representing revenue materials has beentransferred to CWIP balance without adequate supporting against each work order. Consequently, we are unable to confirm the correctness of CWIP balance as at the year end.*

Depreciation

65. *In most of the account rendering units, depreciation has not been provided in respect of legacy balances as well as additions during the year posted manually, impact of which cannot be quantified in the absence of information and explanations.*

Grants

66. *A sum of Rs 23.60 Crores representing grants received from World Bank in respectof Dam Rehabilitation and Improvement Project (DRIP) Scheme has been incorrectly accounted under inter unit accounts and not recognised in accordance with Ind AS 20 – Government Grants.*

Cash/Bank

67. *Bank Reconciliation has not been done for many bank accounts at various account rendering units and Headquarters. Further, closing balance of banks in various account rendering units shows huge credit balance for which no information and explanations were provided.*

68. *At Headquarters, no entries have been accounted for payment made during the year for deductions towards LIC, GPF, society, PLI made from employees becauseof an ERP error. Consequently, bank balances remain unreconciled.*

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

70. *Cheques in transit, cheques on hand, stale cheque and uncleared cheques remain unadjusted in respect of which no information for subsequent realisations have been made available at various account rendering units. Further, collection cheques are appearing in stale cheque account at various account rendering units for which no information and explanations have been provided.*

71. *Balance of cash on hand shows huge balance in some account rendering units as at the yearend. Further, physical balance of cash and as per books of account remain unreconciled.*

72. *Balances in fixed deposits amounting to Rs 2,320.74 Crores as per confirmation of balance have not been reconciled with books of accounts*

73. *Reference is drawn to Note 10 – cash and cash equivalent, which comprises cash on hand Rs 32.45 Crores (net) and the balance represents imprest, cheques on hand, temporary advance which have been classified as cash on hand balance as at the yearend.*

Revenue

74. *Reconciliation of revenue between separate billing software and books of accounthas not been done. Consequently, the impact on both revenue and receivable balance at the yearend of certain account rendering units is not ascertainable.*

    For instance, in Chennai South I account rendering unit, an amount ofRs 917.91 Crores pertaining to LT and HT have not been accounted in the books ofaccount resulting in understatement of revenue and understatement of trade receivable balances.

75. *Invoices raised for sale of fly ash, scrap and mill reject coal through a separate ZEN accounting software which are not captured in books of account at various account rendering units. Consequently, the impact on both revenue and receivablebalance at the yearend of certain account rendering units is not ascertainable.*

Purchase

76. *In certain accounting rendering units, invoices for purchases of solar power have not been accounted properly during the year which has an impact on the Statementof Profit and Loss.*

77. *The Company has not accrued for the amounts due in respect of excess O&M expenditure, capital expenditure and additional profit earned by the NLC during the years from 2009-14 based on CERC orders passed with the applicable interestfrom the date on which the amount in dispute was payable/refundable.*

    Non-accrual of the above sum from the date of orders of the CERC has resulted in overstatement of trade payable and loss to the Company, the impact of which could not be quantified due to non-availability of relevant information andexplanations.

Ind AS

78. *As regards compliance with Ind AS 109 - Financial Instruments, the following non-compliances were noted:*

    a) *Concessional loans obtained from the government has not been measured asper the recognition and measurement principle laid as per Ind AS 109.*
    b) *Employee Loans of Rs 267.29 Crores has not been measured using the Effective Interest Rate as prescribed in the Ind AS 109.*
    c) *As per the current practice, the company applies a flat 2.5% on Trade receivable for the purpose of arriving at Expected Credit Loss (ECL). But thereis no ECL framework/policy are in possession with management and no trendanalysis were carried out in a way to validate the application of such 2.5%.*

d) Discount on issue of bonds has not been amortised over the tenure of the bond.

As regards compliance with Ind AS 116 -Leases, the Company has not measured the Right Of Use Asset and Liability as per the provisions contained in IND AS 116 - Leases with respect to the building taken on lease for the purpose ofproviding staff accommodation. Since the relevant details with respect to the leaseis not provided to us, the financial impact of the same cannot be quantified.

79. As regards compliance with Ind AS 21 - Effect of Changes in Foreign Exchange rates, the Company has not measured the forex gain or loss as per the measurementprinciple laid down in the standard therein.

80. As regards compliance with Ind AS 105 - Noncurrent Assets held for sale, since the company does not have a proper system in place to identify and report the assetsthat are solely held for sale rather than future economic use, we are unable to comment on the compliance with respect to Ind AS 105.

Emphasis of Matter

The Company has accumulated loss amounting to Rs 151,638.78 Crores. However, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern since the company is carrying on its business operations and financial support has been assured by Tamil Nadu Government by G.O.(Ms).no. 38 dated 18.08.2021.

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.

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

Basis for Adverse Opinion:

1. *Attention is drawn to note 4(a) of the Financial Statements, the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2022.*

2. *Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its fellow subsidiary company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 221.65 crores payable pending confirmation from the said party. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and a difference of Rs.283.60 crores receivable pending for the further reconciliation. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

3. *Attention is drawn to note 25 of the financial statements under Other Non-Operating Income, which includes unreconciled inter unit opening balance of Rs. 30.31 crores, which has been transferred to statement of Profit and Loss.*

4. *Attention is drawn to notes 16, 22 and 32 of the financial statements, where the Company has recognised an amount of Rs.7758.68 crores as liability based on an available independent actuarial valuation. Since the Company has no employees on its own, based on its Board's policy, the amount recognised by the Company represents about 1/7th of the total employee cost incurred by TANTRANSCO. Attention is drawn to note 32(B) read with note 26 of the financial statements. The amount of Employee benefit expenses of Rs.1,210.05 crores is carrying the impact of available actuarial valuation's cumulative true-up upto FY 2020-21. In the absence of sufficient appropriate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/ liability in its books and its compliances with Ind AS 19 - Employee Benefits.*

5. *Attention is drawn to note 40 and note 46 of the Financial Statements, where complete disclosures as required under Ind AS 24 – Related Party Disclosures and Ind AS 108 – Operating Segments has not been made by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance of Ind AS 108 – Operating Segments and Ind AS 24 – Related Party Disclosures.*

6. *(a) Attention is drawn to note 23 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.*

   (b) Turnover for the FY 2021-22 is Rs.3,631.28 crores, but as per GSTR-3B return it is Rs.2,843.32 crores. Turnover of Rs.787.96 crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable potion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2022 and the corresponding impact on statutory liabilities as at 31st March 2022

7. *(a) Attention is drawn to note 7 of the Financial Statements, party-wise break-up and confirmation of balances of trade receivables not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials.*

(b) Attention is drawn to note 20 of the Financial Statements, ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.

8. *Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

9. *Attention is drawn to note 18 of the Financial Statements, In the absence of appropriate documentary evidences, we are unable to verify the correctness of Government grant additions of Rs.5.03 crores received during the year. Also, In the absence of the details of opening balances and its corresponding amortizations, we are unable to assess the accuracy of the carrying values.*

10. *Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

11. *There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities as detailed below. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

12. *Attention is drawn to note 4(b) of the Financial Statements, wherein Intangible assets of Rs.21.84 crores is shown as Intangible assets under development are not evidenced by proper documents. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.*

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.

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.

Adverse 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 do not 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 2022, 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. 1,87,252.18 Crores** as at 31st March 2022, **total revenue of Rs. 66,430.65 Crores and net cash outflows amounting to Rs.-832.40 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.
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.

   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 2022 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 2022 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 2022 and in case of subsidiary companies, the managerial remuneration for the year ended 31st March 2022 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 S. Ram & Co., FRN- 002841S
Chartered Accountants

CA. S. Ramalingam. FCA.
Partner .Mem. No. 022020
UDIN: 25022020BMKZYJ3418
Place : Chennai.
Date :18/08/2025

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 2022 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 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 Adverse opinion on the internal Financial Controls of the company.

Adverse Opinion

In their Opinion, to the best of their information and according to the explanations given to them the Company does not have an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at March 31, 2022, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Basis of Adverse Opinion

The Company did not have an appropriate Internal Control over Financial Reporting in respect of the following aspects:

1. *Ineffective supervision over the Company's Internal Financial Controls over financial reporting by those charged with governance.*
2. *Ensuring compliance with the applicable accounting standards regarding*
   a) *validating the completeness and accuracy of cost, including the direct costs eligible for capitalisation, of Property, Plant and Equipment (PPE),*
   b) *establishing a process of periodic verification of PPE and reconciling the same with the PPE register and books of account,*
   c) *validating the correctness of classification of the PPE and intangible assets.*
3. *Absence of a comprehensive policy/circular relating to capitalisation of borrowing costs considering the requirements of Ind AS 23 – Borrowing costs.*
4. *Process of identifying, determining qualifying assets, work order wise, and related borrowing cost resulting in incorrect recognition of PPE/Capital Work In Progress (CWIP) and related expenditure. Similarly, assets created out of government grants and deposit contribution received from customers are not identified separately to enable depreciation computation as well exclusion from capitalisation of borrowing costs.*
5. *In many cases, assets of the company are capitalised on approval of corresponding work bills for payment/ financial closure of work orders which is after the date on which the assets are ready for use which is against criteria for capitalisation prescribed in Ind AS 16 - Property, Plant and Equipment, leading to delay in the recognition of assets.*
6. *Process of evaluating completeness and accuracy of transactions relating to impairment and derecognition of PPE based on the periodic verification and technical evaluations.*
7. *Internal financial controls prescribed over accounting and reconciling bank transactions not operating effectively in many account rendering units, potentially resulting in incorrect accounting and reporting of bank transactions and balances.*

8. *Process for identifying, recognizing, accounting, impact of physical verification and determining the obsolescence of inventory and related expenses for the year.*

9. *Process for accounting of inter-unit transactions and reconciliation balances thereon not operating effectively resulting in huge unreconciled balances in inter- unit accounts and resultant misstatement of account balances. The amount of unreconciled differences stated in Para 47 of the Basis for Adverse Opinion section indicates the depth of deficiency in internal financial control over financial reporting as regards inter unit transactions.*

10. *Manual posting of journal entries by Headquarters towards payment made to vendors on behalf of various account rendering units and not routing it through SAP ERP process leading to such entries not getting mirrored in account rendering units concerned and consequential effect on the vendor balances, being both unadjusted and unreconciled.*

11. *Lack of effective process and controls over assessment of the health of its investments to ascertain provisioning required for impairment, if any.*

12. *Absence of processes to reconcile material deficiencies identified between the balances as per Company's books of account and its group entities.*

13. *Lack of integration and reconciliation of various software and ERP modules for various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's books of account, leading to manual intervention in respect of which internal controls are pervasively and persistently deficient.*

14. *Deficiency in supervision and control over online collections resulting in excess collections reported by banks.*

15. *Lack of evaluation of internal financial controls and risk management systems by the Company required under section 177(4) (vii) of the Companies Act, 2013.*

16. *Absence of the process of obtaining balance confirmation and reconciliation of loans and advances, deposits, party wise trade payable and receivable, Goods and Service Tax, Retentions, other financial liabilities and Co-Generation units.*

17. *Lack of internal audit system required by Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014.*

18. *Non implementation of Risk Control Matrix (RCM) for various operational activities of the Company resulting in non-evaluation of adequacy of the internal control process.*

19. *Manual posting of accounting entries even after implementation of SAP ERP resulting in failure to ensure that the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.*

20. *Non-adherence to Delegation of Power matrix leading to possible unauthorised entries being recorded.*

21. *Following are the major issues observed during the audit on implementation of SAP ERP:*

    a) *There are no system controls in place to prevent or detect the omission or duplication or wrong accounting of transactions in the books of accounts.*

    b) *There is no consistency in data entry since multiple general ledger codes are being used to account for one or similar type of transaction. Further, we noted that there is no updated accounting manual or implementation of procedures specified in the accounting manual.*

    c) *There is no system in place to ensure the implementation of maker-checker procedure which is provided as part of the design in SAP ERP at the transaction level data entry. This is against the principles of segregation of duties which may adversely affect the accuracy of recording of transaction level data.*

    d) *Data migration audit has not been performed to confirm the completeness and accuracy of data migrated to the newly implemented SAP ERP from the erstwhile Oracle ERP.*

    e) *Based on information and explanations provided to us, we understand that details of employee wise advances and other applicable recoveries have been posted as at the SAP ERP implementation date. However, transactions during the year including employee wise fresh staff advances and recoveries made have not been updated. Further, information furnished by the account rendering units as per manual register maintained by them do not tally with general ledger balance of the unit.*

f) *In respect of certain general ledger accounts relating to loan principal and interest repayment etc., whose control for operations lie exclusively at Headquarters, accounting entries have been posted into such general ledgers by other account rendering units of the company erroneously evidencing the fact that there is no control to prevent or correct such errors.*

g) *On perusal of details of opening pending work orders, SAP ERP module neither captured nor made it mandatory to capture the following details:*

i. *Date of work orders*

ii. *Status of work orders*

iii. *Work order and year wise details in respect of opening Asset Under Construction (AUC)/ Legacy Internal Work Orders.*

Further, while some of the work orders have been closed, the status in SAP ERP has not been updated resulting in such closed work orders not getting capitalisation in the books of account.

h) *On our verification of work order creation process, we observed that the work order number is not an auto generated number and is only manually entered in SAP ERP.*

i) *On our verification of general ledger accounts pertaining to AUC and PPE, we observed several unexplained debit entries posted by other account rendering units. These type of errors results in overstating the figures in AUC and/or PPE accounts at the unit level. These discrepancies have not been explained and information have not been available for audit.*

j) *In most of the account rendering units, there is no system in place to ensure the depreciation is charged respect of legacy balances as well as additions during the year posted manually. Further, whenever there is an alteration warranted in the date of capitalization due to correction of some errors, SAP ERP does not consider the altered date for the purpose of depreciation calculation.*

k) *Periodical settlement process in ERP as regards unmapped legacy work orders created prior to implementation of ERP has not been carried out properly. Consequently, amounts incurred during the year in respect of these legacy work orders remain in capital consumption and WIP upgradation accounts in various*

account rendering units which are classified as Other expenses – Repairs and Maintenance.

l) *There is no provision in SAP ERP for tracking physical inventory movement from the stage of receipt to consumption in respect of coal inventory.*

m) *Individual vendor balances as well as ageing of vendors are not made available in SAP ERP.*

n) *MSME mapping is neither available nor made mandatory in SAP ERP Vendor master. Consequently, we are unable to ascertain whether the provisions of MSMED Act have been fully complied as regards transactions including settlement of dues within the time limits prescribed under that Act and payment/provision of prescribed interest for delayed settlements.*

o) *In several account rendering units, vendor invoices are accounted net of retention amounts and in effect retention amount recovered from contractors/vendors are not recorded as a liability at the time of receipt and recording of invoice.*

p) *Payments made to vendors by the Headquarters on behalf of circles are not settled against vendor liability at the account rendering unit level.*

q) *Material identified as scrap are not routed through SAP ERP - Material Management (MM) module. No details are available for scrap materials.*

r) *Payroll processing during the year was carried out manually at each account rendering unit level up to certain period. Parallelly, payroll processing through SAP ERP – Human Resource (HR) module for the company as whole for the year was again carried out which has resulted in double entries in both expenditure and liability accounts for a certain period.*

s) *Certain account rendering units initiating inter unit transactions with other units are posting entries for such transactions to incorrect units who are unable to confirm and provide explanation as to the nature of such transactions.*

t) *Separate billing software is maintained for recording customer wise revenue billing and customer deposit transaction which is not integrated with SAP ERP. Further, no reconciliation of revenue between such software and ERP has been carried out on real time basis. Consequentially we are unable to confirm the accuracy of revenue and customer deposited recognised.*

u) *Separate ZEN accounting software is maintained for recording other income including sale of mill reject coal, sale of scrap and sale of fly ash which is not integrated with SAP ERP. Further, no reconciliation of other income between such software and ERP has been carried out on real time basis. Consequentially we are unable to confirm the accuracy of income recognised on such sales.*

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 their opinion, because of the collective effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2022.

They have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in their audit of the standalone financial statements of the Company as at March 31, 2022. These material weaknesses have affected their opinion on the standalone financial statements of the Company and they have issued an adverse opinion on the standalone financial statements.

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

Basis for Adverse Opinion:

1. *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 2022:*
    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.*
    c. *The Company's internal control system with regard to its Capital Work in progress and Property, Plant and equipment is deficient in areas of capitalization, physical verification and consequent impairment.*

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

e. *Refer our note in our Basis of Adverse Section, where timely inter-company 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 section 177(4)(vii) of the Companies Act, 2013.*

g. *Controls relating to Information Technology migration to present accounting software are not adequate.*

h. *The company does not have appropriate process with regard to periodic review and audit of the Information Technology general and application controls of the new accounting system.*

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 their 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 31st March 2022, 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.

They 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 31st March 2022, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued a Adverse 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 S. Ram & Co. FRN-002841S
Chartered Accountants

CA. S. Ramalingam. FCA
Partner Membership No : 022020
UDIN: 25022020BMKZYJ3418

Place: Chennai.
Date:18/08/2025

MANAGEMENT REPLY OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR OF TNEB LIMITED ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR 2021-22

Reply to Observations of Independent Auditor of Holding Company TNEB Ltd

Sl. No.	Observations of Statutory Auditors	Management Reply
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 2022, 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 to be finalised.
(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.	Since the entire expenses of Holding company is shared between TANGEDCO & TANTRANSCO being subsidiary companies, no income is recognised separately for TNEB Limited.
Reply to Observations of Independent Auditor of Subsidiary Company TANGEDCO		
1.	In respect of the fair valuation exercise of PPE, carried out as on the date of transition to Ind AS i.e., 1st April 2019 and having an impact on the opening balance of PPE as on 1st April 2021, we observed the following:	
	a. In general, with regard to quantity, date of capitalisation and the useful life ofPPE as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above requires strengthening	The creation of fixed assets register has been made based on the physical available fixed assets in all the circles based on adequate supporting documents, assessment of useful life, etc.
	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.	Periodical assessment of the physical, technical functioning of the fixed assets were made by the respective field engineers and

Sl. No.	Observations of Statutory Auditors	Management Reply
		factored at the time of creation of fixed asset register.
	c. In respect of most of the lands, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing lands have not been made available. Further, documents provided for land area measurement do not correspond 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 land.	Efforts are being taken to transfer title deeds in the name of TANGEDCO for the lands which are in the name of Government/local bodies and other departments.
	d. In respect of building and other civil works, sufficient supporting documents to confirm the built-up area were not made available.	For most of the buildings and civil works, the records for buildup area has been provided. However arrangement for the same for the old buildings will be taken suitably.
	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	The technical certification for the plant and machineries are being taken as a basis. The cost data book is approved by the board of TANGEDCO based on the purchase order issued in the previous year and cost data book is utilised for valuation purposes. Bench marking valuation methodology based on industrial norms were adopted in case of plant

Sl. No.	Observations of Statutory Auditors	Management Reply
	which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.	and machinery for which no cost data is available.
	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.	The valuation for additions during 2019-20 and 2020-21 was arrived on the basis of cost data approved by the board as rates mentioned therein is the compilation from the purchase orders issued during the previous year.
	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 a cumulative basis in the order 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 a cumulative basis. In view 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 on sequential impact on the statement of profit and loss.	While carrying out the fair valuation exercise the company has adopted material cost, labour and transport cost, establishment and supervision cost, IDC, etc on a cumulative basis which is conventionally adopted by the management.
2.	In respect of additions to PPE during the Financial year 2021-22, we observed the following:	

Sl. No.	Observations of Statutory Auditors	Management Reply
	a) In respect of additions to the value of Plant and Machinery and other assets during the year, cost adopted for value of materials issued upto 31st March 2021, ie., prior to the date of implementation of ERP is at standard cost and not at actual cost which is not in accordance with Ind AS 16. Further in respect of some account rendering units, the value of additions to plant and machinery is the work order sanctioned amount which is only an estimated value which is also not in accordance with Ind AS 16.	Subsequent to the implementation of ERP, the fixed assets are created based on the actual cost incurred and with allocation of IDC and overheads related to the respective value of the fixed assets. Due to first year of ERP implementation, while uploading the capital work in progress value for certain internal work orders by few circles, the estimated value might have been brought in, however the same may not have material impact on the overall value of fixed assets in TANGEDCO.
	b) In respect of Interest During Construction (IDC) at 10.24% and other overheads at 4.29% capitalised to the cost of each asset/component of asset (except land and other non-qualifying assets), no information or explanations have been provided to substantiate the rate of capitalisation and period of charge.	Considering the loan profile and rate of interest of TANGEDCO the weighted average rate arrived at the time of valuation of fixed assets has been adopted during the financial year 2021-22 which is justifiable for the allocation of IDC on the work in progress converted into fixed assets. In respect of overhead allocation, the 4.29% has been arrived based on detailed work studies on several representative capital works obtained from circles. This has been adopted under reasonable estimates and judgements-class-d of basis of preparation of financials under accounting policy of TANGEDCO.
	c) We are unable to comment on whether physical verification of PPE has been conducted during the year since no reports were made available to us for our verification.	In order to ensure the quantitative data of fixed assets, physical verification of fixed assets upto 31.03.2021 has been conducted on sample basis certified by the field technical team. For the assets added during 2021-22, no physical verification has been conducted.
	d) The Company has not conducted any impairment assessment of its PPE including co-generation	Field technical team is regularly monitoring the performance of all the assets and impairment assessment will be initiated in case

Sl. No.	Observations of Statutory Auditors	Management Reply
	facilities located at sugar mills and other financial assets.	such assets are identified. The Co-Gen plants are under operation and generating power, which are being purchased by TANGEDCO.
	e) Balance of PPEs as at the yearend appears as credit balance in the books of various account rendering units which is neither explained nor corrected.	While migrating from JAVA based accounting package into ERP during the year 2021-22 there may be certain legacy balances appears as credit balance which will be analysed and rectified.
	f. Accounting procedure followed for sale or scrapping of assets is not in compliance with accounting standard. In the absence of information including listing and computations in respect of Profit/Loss on sale of disposed assets, we are unable to ascertain the impact of such disposals on the statement of profit and loss for depreciation and consequential profit and/or loss on such sale or scrapping of assets for the year ended and PPE balances thereon.	The value of disposed assets were not ascertained and such disposals are accounted based on the estimated cost of the assets as well as its accumulated depreciation, conventionally. Appropriate ERP process for the disposal of assets and its accounting are yet to be implemented, but are accounted through manual journal.
	g. In respect of value of capital spares included as part of Plant and Equipment, information and explanations have not been provided and hence we are unable to comment on the correctness of value of Plant and Equipment given in the financial statement to that extent. Further, in respect of capital spares at various account rendering units, there are no movements from opening balance. In the absence of information and year wise list, we are unable to confirm whether such materials are usable or obsolete and require provision to be made for obsolescence.	The capital spares in the generating station are considered at book value. The impairment assessment of such spares will be taken and appropriate treatment will be given based on such assessment.

<table>
<tr><th>Sl. No.</th><th>Observations of Statutory Auditors</th><th>Management Reply</th></tr>
<tr><td>3.</td><td>The balance as per PPE Register maintained in SAP has not been reconciled with the balance as per books of account. In the absence of such reconciliation, we are unable to comment on the completeness and accuracy of the PPE balance.</td><td>Proper reconciliations will be arranged to be made between PPE register and books of accounts.</td></tr>
<tr><td>4.</td><td>Several work orders have been capitalised during the year ended 31st March 2022 and forming part of PPE whereas such completed work orders have been considered as part of PPE at the time of transition to Ind AS. Consequently, the PPE balance in respect of these work orders, to the extent already capitalized may be overstated. The consequential impact on the PPE and Statement of Profit and Loss is unascertainable due to non-availability of proper information and explanations.</td><td>Considering the voluminous fixed assets valuation exercise carried out, very few fixed assets were considered as PPE at the time of transition and subsequently capitalised during 2021-22 also. However, it may not be material.</td></tr>
<tr><td>5.</td><td>1. Reference is drawn to Note 4a of the financial statements wherein additions/ deletions during the year and opening / closing balances of PPE have not been presented in accordance with Schedule III of the Companies Act, 2013 including differences noted in the carry forward of previous year closing balance.
<table>
<tr><th rowspan="2">Description</th><th rowspan="2">Note Reference</th><th colspan="2">Ind AS balance as at</th><th rowspan="2">Difference</th></tr>
<tr><th>31st March 2021</th><th>1st April 2021</th></tr>
<tr><td colspan="5">Cost or deemed cost (Gross carrying amount)</td></tr>
<tr><td>Buildings and other civil works</td><td>4a</td><td>3,811.22</td><td>5,673.09</td><td>(1,861.87)</td></tr>
<tr><td>Plant and Equipment</td><td>4a</td><td>51,670.41</td><td>50,617.89</td><td>1,052.52</td></tr>
<tr><td>Vehicles</td><td>4a</td><td>24.71</td><td>24.74</td><td>(0.03)</td></tr>
<tr><td>Capital Spares and Others</td><td>4a</td><td>1,875.19</td><td>1,065.80</td><td>809.39</td></tr>
</table></td><td>While uploading the fixed assets register there are reclassification among the plant and machinery, civil works, capital spares, however the closing balance of previous year of total PPE has been brought in note No.4a of financial statements.</td></tr>
</table>

Sl. No.	Observations of Statutory Auditors	Management Reply
	Accumulated depreciation and impairment losses Building and other civil works 4a 299.43 359.75 (60.32) Plant and Equipment 4a 7,151.80 7,445.12 (293.32) Office Equipment 4a 46.27 46.31 (0.04) Others 4a 592.77 239.09 353.68	
6.	Total depreciation provided for the current year Rs 3,819.00 Crores (Previous yearRs 3,924.17 Crores) does not correspond with the total additions to and/or openinggross carrying amount of PPE made during the current year which we are unable to confirm the correctness thereof in the absence of information and explanations.	The depreciation are being applied based on the remaining useful life of the assets. It is also to be noted that certain assets that have been exhausted its useful life would not be charged with depreciation. However analysis will be arranged to be made for reasoning for the variations in the current year depreciation.
7.	In respect of devolution of assets for the purpose of repair and reuse or sale as scrap, the accounting treatment given in the books of account is not appropriate as regards removal of assets from PPE balance and corresponding accumulated depreciation of such assets.	Appropriate ERP process for devolution of assets are yet to be implemented.
8.	Reference is drawn to Note 4c –intangible assets under development amounting toRs 86.72 Crores as at the yearend, which comprises SAP ERP already been put to use by the Company with effect from 1st April 2021. The same is still shown as intangible assets under implementation and has not been amortised in accordance with Ind AS 38 – Intangible Assets. Further, the above balance also includes a sum of Rs 2.11 Crores pertaining to employee benefit cost. In the absence of information and explanations, we are unable to ascertain whether such amount is required to be charged off in the Statement of Profit and Loss.	Since ERP is implemented only during FY 2021-22 In a phased manner and several process were sorted out of the teething issues, appropriate accounting treatment will be initiated during 2022-23 . The employees cost incurred in the ERP wing have been allocated towards ERP intangible assets.
9.	CWIP In respect of Capital Work in Progress (CWIP) balance as at 31st March 2021:	

Sl. No.	Observations of Statutory Auditors	Management Reply
	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 beenconsidered as part of PPE at the time of transition to Ind AS. Consequently, the CWIP balance in respect of these work orders, to the extent already capitalized as part of PPE, may be overstated. The consequential impact on the CWIP, PPE and statement of profit and loss account is unascertainable due to non-availability of proper information and explanations.	Considering the voluminous fixed assets valuation exercise carried out, very few fixed assets were considered as PPE at the time of transition and subsequently capitalised during 2021-22 also. However it may not be material.
	b) Work order and scheme wise listing for CWIP balances are not being maintained. Therefore, we are unable to comment on the completeness and accuracy of the same.	In view of the ERP implementation, the work order wise break up of CWIP balances will be enabled in future.
	C) Material cost included in CWIP is at standard rate and not at actual cost.	During the year 2021-22 the materials are accounted at weighted average rate which is actual cost.
	d) Revenue expenses amounting to Rs 5,875.22 Crores pertaining to earlier years have been capitalized and included as part of CWIP balances	CWIP balances kept at the circles need to be analysed for the correctness since the legacy balances are brought and appropriate accounting treatment will be given.
10.	Reference is drawn to Note 4(a) – Property, Plant and Equipment 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 andexplanation from management, we are unable to confirm the correctness of the said disclosures.	The total CWIP balance – opening as on 01.04.2020, net additions during 2020-21 and net additions during 2021-22 has been disclosed in the Note 4a.
11.	Periodical settlement process in ERP as regards unmapped legacy work orders	Due to the teething issues in the first year of ERP, quantum of expenditure incurred towards capital

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	created prior to implementation of ERP has not been carried out properly. Consequently, an amount of Rs 198.29 Crores incurred during the year in respect of these legacy work orders remain in capital consumption and WIP upgradation accounts in various account rendering units which are classified as Other expenses – Repairs and Maintenance. The CWIP and/or PPE balances are understated, and loss overstated to the extent of the aforesaid amounts.	work orders could not be transferred from revenue expenses and impacted in Profit and Loss account.
12.	In various account rendering units, payments made to vendors have been posted to CWIP instead of relevant vendor account. This error in posting has an impact on both balances of CWIP and vendor outstanding.	Such accounting errors will be set right by the circles through proper rectification journals.
13.	Balance of CWIP as on 31st March 2022 includes value of work completed but pending to be capitalised. Further, CWIP balance also includes completed work orders that have been considered as part of PPE at the time of transition to Ind AS.	Due to the implementation of ERP during 2021-22 for the first time circle faced difficulties in capitalisation of completed work orders. The same has been resolved during FY 2022-23.
14	As regards borrowing cost capitalized: ***a)*** for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the recognition principles contained in Ind AS 23 - Borrowing costs as regards identification of qualifying assets, borrowing cost eligible for capitalisation, cost of borrowings adopted, commencement, suspension, cessation of capitalisation, in respect of which the impact on the opening gross carrying amount of the relevant PPE is not ascertainable,	The weighted average interest rate has been applied on the PPE additions during 2019-20 and 2020-21 in the process of IND AS transition as per the management accounting polices.
	b) amounting to Rs 4,720.30 Crores during the year, including an amount of Rs	The IDC portion on the capital work in progress could not be allocated for each of the work orders through ERP

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	2,346.37 Crores in Headquarters' books of account, and contained in closing balance of Capital Work in Progress as at the yearend, in the absence of information and explanation including work order wise details, we are unable to comment on whether the same is in accordance with the recognition principles contained in Ind AS 23 – Borrowing costs and there is any effect on the Statement of Profit and Loss for the year,	process and thus, the quantum of Rs.2,346.37 crores has been brought into accounts in the year 2021-22.
	c) amounting to Rs 514 Crores during the year for Uppur Project, temporarily suspended, the same is not in accordance with recognition principles contained in Ind AS 23 – Borrowing costs.	Uppur project under work in progress and final decision for the suspension of the project from the government is awaited and thus IDC quantum of Rs.514 Crores has been recognised.
15	*d)* The basis of capitalisation of employee cost at 4.29% is done on estimated man- days (or) hours likely to be incurred on capital works or works capitalised rather than on actual man-days (or) hours spent on such works, which is not in accordance with measurement principles contained in Ind AS 16 – Property, Plant and Equipment.	In view of the voluminous nature of capital work orders, as per management policy the arrived portion of 4.29% on the value of capital works towards over heads is justifiable.
16.	In certain account rendering units, borrowing costs and overheads have not been capitalized in respect of work orders capitalised and/or in progress due to which the balances of PPE are understated, and corresponding expenses overstated.	In very few circles there were certain omissions in the allocation of overheads and IDC which are not material in nature.
17	Inventory Opening inventory other than coal has been valued considering the rate as per the latest purchase order which is not in accordance with Ind AS 2 - Inventories. The consequential impact on the	In the process of IND AS transition, the opening value of inventory has been adopted based on the latest purchase order rate, as the net realisable rate (Market Rate) would be more than the actual cost. More over the inventory held by

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	Statement of Profit and Loss for the current year is not ascertainable in the absence of information and explanations.	TANGEDCO are indented for operational utilisation and not for sale and thus adoption of latest purchase order rate is reasonable.
18.	Closing value of coal includes estimated figures of ocean freight component which is not in accordance with applicable Ind AS-2 - Inventories.	In the IGAAP Accounts itself, actual landed cost of coal is taken for valuing the closing stock.
19	In respect of coal inventory, an amount of Rs 152.83 Crores being difference between value of physical inventory and books at the respective account rendering units still forms part of inventory balance as at the yearend. No proper information and explanations were provided for retaining the above value as partof inventory. This has the effect of overstatement of inventory balance and corresponding understatement of loss for the year.	Proper rectification journals will be arranged to be proposed in 2022-23 accounts by the respective circles.
20.	Conveyance loss and operational loss of coal inventory has not been ascertained and accounted at North Chennai Thermal Power Station 2, value of which is not ascertainable in the absence of information and explanations.	Since the coal yard was not separately maintained for NCTPS 2 and all the coal issued from NCTPS 1 are beingt consumed, there is no conveyance loss and operational loss need to be accounted in NCTPS 2, separately. Based on physical verification of coal, the excess or short are being accounted in NCTPS 1 as a whole.
21.	Opening balances of inventory other than coal includes balances migrated from the erstwhile accounting software into SAP which displays negative balance amounting to Rs.1,518.72 Crores in respect of which no information or explanation have been provided.	The opening stock of inventory is uploaded into the ERP (material wise) duly creating the financial balances available in the legacy account heads. The negative balance arisen due to movement from legacy GL needs to be sorted out suitably.
22.	Inventory balance as per Material Management module in SAP does not reconcilewith the inventory balance as per general ledger in SAP at various account rendering units.	Reconciliation of ERP module balance with Book balance will be arranged to be carried out.
23	An amount of Rs 17.70 Crores pertaining	Since the material rate variation claims from vendors has been

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	to material cost variance has been recognised as an expenditure in the Statement of Profit and Loss during the year in respect of which no explanation and information have been provided as regardsthe accounting treatment as well as cost attributable to closing inventory. Consequently, we are unable to comment whether the closing inventory has been correctly stated.	admitted subsequent to the receipt of materials and its consumption, such variation has been charged to P&L considering the same as meagre compared to the value of materials consumed and at closing stock.
24	Finance Liabilities 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 and 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 arranged to be sorted out.
25.	In several account rendering units, balances of vendor and TDS payable appear as debit balance which are unadjusted and unreconciled. In the absence of information and explanations, we are unable to ascertainable the impact of the Statement of Profit and Loss and the correctness of such debit balances as at the year end.	Wherever debit balances in vendor accounts and other liabilities accounts prevailed, which will be arranged for rectification suitably in the appropriate liability heads.
26.	Reference is drawn to Note 22 – Other financial liabilities wherein payment entries against employee benefits payable have been recorded both at Headquarters and account rendering units which has resulted in the understatement of employee benefits payable and corresponding balances with bank by Rs 933.90 Crores.	Proper reconciliation between Headquarters and Circles will be carried out and rectified.
27.	In several account rendering units, vendor invoices are accounted net of retention amounts and in effect retention amount recovered from contractors/vendors are not recorded as a liability at the time of receipt and recording of invoice. Consequently, the impact of closing	Since the ERP is implemented in phased manner during FY 2021-22, certain transactions were carried out through manual process. The circles are being instructed to book the gross value, recoveries, net liability separately, so as to exhibit the

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	vendor balance and the corresponding expenditure/asset balances is not ascertainable in the absence of information andexplanations.	vendor liability properly. Suitable accounting will be arranged to be rectified hence forth by the respective circles.
28.	The balance of vendors prior to implementation of ERP in most of the account rendering units have not been recorded in respective vendor's sub-ledgers and recorded only in the vendor control account in the general ledger. However, subsequent payments to vendors against such opening balances have been recorded In the respective sub-ledgers. Consequently, we are unable to confirm the vendor wise balances outstanding as at the yearend as well the ageing of such balances which is required to be disclosed as per Schedule III of Companies Act, 2013.	Since the ERP is implemented in phased manner during FY 2021-22, the vendors sub-ledgers are updated partially through ERP process and partially in manual process. Measures will be taken to reconcile the vendor outstanding after proper reconciliation by the circles.
29.	Provision of salaries for employee transferred between account rendering units arenot properly accounted in ERP at various account rendering units. The consequentimpact of such non provision on the Statement of Profit and Loss account for theyear is not ascertainable in the absence of information and explanations.	The Salary for the transferred employees will be claimed on actual basis, in the circle in which such employees are joined and thus, there is no necessity to create provision for the salary liability for employees transferred between units of the circles.
30.	Belated payment surcharge payable amounting to Rs 5,421.26 Crores has not beenprovided for by the Company.	Since the liability of BPSC are not mutually accepted between TANGEDCO & Vendors, such liability are disclosed as contingent liability, till its final reconciliation and acceptance.
31.	Reference is drawn to Note 51 - Contingent liabilities, wherein the Company is required to recognise and provide for the following liabilities in the books of account and the same has not been done: a) Impact of Frauds and Embezzlements detected in preceding years amounting to Rs. 7.86 Crores,	As a company policy, the recovery of dues towards Embezzlements / thefts are fixed with the concerned staff in charge and suitable proceedings are being taken to

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		recover the loss, if any and duly disclosed in notes.
	b) Water Cess payable to TN Pollution Control Board upto the year ended 31st March 2022 amounting to Rs 696.65 Crores,	Proposal seeking exemption from water cess payable to TNPCB is under active consideration with GoTN.
	c) Lease rent payable to TN Forest department amounting to Rs 888.00 Crores,	Negotiation is being conducted to reassess the quantum of arrears of lease rent, with Forest Department / GOTN.
	d) Lease rent payable to Port amounting to Rs. 158.02 Crores,	Negotiation is being conducted to reassess the quantum of dues to port authorities.
	e) Reference is drawn to Note 73 – Other notes regarding non-moving / obsoletestores amounting to Rs 53.88 Crores,	The Obsolete and non-moving items will be auctioned as a regular process, and relevant profit or loss on sale will be brought into revenue account, only after auction process over.
	f) Liability for default and delay in remittance of Tax Deduction liabilities under the Income Tax Act, 1961 amounting to Rs 8.81 Crores,	TDS defaults in several TANs in circles are being rectified through special drive and such defaults are getting reduced.
	g) Grade slippage bills received from coal vendor amounting to Rs. 16.60 Crores	Since the debit/credit note from the coal vendors are being received belatedly the admission of such claims are not brought into accounts. However proper adjustments were made against the liabilities on admission of such claims.
	h) Balance of GST amount charged by M/s. BHEL for construction of SEZ project in Ennore amounting to Rs 122.07 Crores, after considering an amount of Rs.70.83 Crores which was paid on adhoc basis subject to the final decision tobe taken by the board.	Since deliberations between TANGEDCO and M/s.BHEL is under process and thus the quantum of Rs.122.07 crores is shown under contingent liabilities.
32.	Reference is drawn to Note 58 regarding contract awarded to Lanco Infratech ("Lanco") by the Company and terminated due to non-performance, in respect of	The excess amount realised through bank guarantee of Rs.14.62 crores is shown under contingent liabilities as the claims from liquidator is pending

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	which bank guarantee amounting to Rs 723.00 Crores was invoked by the Company and the same was accounted as income in prior years. In the proceedings of Corporate Insolvency Resolution process initiated against Lanco, NCLT approved Rs 708.38 Crores against the Company's claims. In respect of the excess amount of Rs 14.62 Crores recovered through the bank guarantee invoked, the Company is required to provide for the excess amount to be refunded in the books of accounts. This has an effect of overstatement of retained earnings and understatement of current liabilities to that extent.	to be finalised before Hon'ble NCLAT.
33.	**1.** Reference is drawn to Note 20 – Current financial liabilities – Borrowings regarding a sum of Rs 23.04 Crores being short provision of penal interest upto the yearend on principal amount payable in respect of Ways and Means Advance of Rs 1,000 Crores obtained from the Government of Tamil Nadu. This has resulted in understatement of Other Financial Liabilities and interest expense under finance cost (Note 30) to that extent.	The short provision of penal interest on ways and means advance from government will be provided in FY 2022-23.
34.	Statutory Liabilities The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/HR module in SAP does not reconcile with the books of account. In the absence of adequate information, the difference and the correctness of interest liability recognized in the books of account could not be confirmed. Further, in respect of CPS scheme, the recovery at the agreed proportion of 1/7th of total expense from TANTRANSCO has not been recovered from them in accordance with the Company's policy of apportionment of employee liability.	Now, Employee cutover data for GPF /CPS has been updated in ERP and interest on GPF/CPS is being generated in ERP itself. In certain cases, the cut over data are yet to be reconciled, which is expected to be completed at the earliest. The interest is being calculated based on the individual broad sheets maintained for each employees for GPF/CPS and accounted. The recovery of CPS scheme at 1/7th of total expenses from TANTRANSCO does not arise as the respective company booked such expenditure and proportion of about

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		1/7th is applicable only for pension commitments.
35.	The Company's books of account have not been reconciled with the reported values of turnover and Input Tax Credit availed under the GST Act, the impact ofwhich 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 2021-22. But the liability of GST are being remitted in full based on reports compiled from circles, duly filing GSTR 3B.
36.	Payment towards Labour Welfare Fund recoveries have not been properly accounted in the books of account.	The Labour Welfare Fund recoveries and its remittance to the Manual Labour Welfare Fund Board by the Circles are to be reconciled.
37.	Provision for bonus and ex-gratia made in the books of account of various account rendering units do not correspond to statements and documents provided by the unit.	The Bonus and Ex-gratia provided as expenses based on the No. of eligible Employees working in the circle. on incurring of actual Bonus and Ex-gratia in the subsequent year, the excess or short will be adjusted.
38.	Deposit Contribution Works (DCW) Reference is drawn to Note 25 - Revenue from operations, wherein an amount of Rs 1527.03 Crores (Previous year Rs 1618.35 Crores) has been recognised as income during the year under the head 'Income from other services provided to customers. This represents moneys collected from its consumers against cost of infrastructure and other works against which the Company has an obligation to perform. In the absence of information and explanations, we are unable to ascertain whether performance obligation have been completed by the Company in respect of such amounts recognised as income in accordance with recognition principles contained in Ind AS 115 – Revenue from contract with customers.	The amount collected from consumers towards DCW works will be treated as income only on completion of the services to be rendered and recognition of consumer contribution as income is reasonable.

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39.	Others There are old balances of various asset and liability general ledgers whose values aggregate to Rs 1,826.51 Crores and Rs 9,048.80 Crores respectively as at the yearend appearing as legacy balances without having any movement in most of the account rendering units. These general ledgers balances have been categorised under various assets and liabilities in the Financial statements for the year ended 31st March 2022 in respect of which no information or explanations have been provided. Consequently, we are unable to confirm the accuracy of such asset and liability balances and whether there is any impact on the Statement of Profit and Loss for the year ended 31st March 2022.	While implementing the ERP during FY 2021-22 in a phased manner, there were both ERP process route as well as manual processing of transactions that led to creation of process related General ledgers as well as manual journal purpose General ledgers. The updation of the vendor balances have been made in most of the cases and further updation, if any, is under process. Suitable reconciliation with the books will be arranged for appropriate accounting as required.
40.	Transactions relating to Co-generation facilities during the year have not been accounted in the books of accounts.	Appropriate journalisation of Co-Gen facility will be carried out in FY 2022-23.
41.	In Tirunelveli account rendering unit (EDC), in the previous year audited accounts an accounting entry for an expenditure amounting to Rs.420.88 Crores was made without proper approval which may have impacted the previous year audited financial statement and consequently the current year financial statement also.	This accounting was made during FY 2020-21 by the circles after completion circle audit. However the consolidated financials of FY 2020-21 has duly considered this journal entry of Rs.420.88 Crores and as such the impact of such journal entry carried forward in the financials of FY 2021-22.
42.	Balance confirmation in respect of advance payments made to coal suppliers havenot been provided.	The reconciliation with coal companies is done up-to FY 2020-21. The reconciliation from FY 2021-22 to be done in MCL Portal, there are three stages quantity, quality and finance after completion of the 1st two stages the finance to be reconciled. Now the quality check is under process and consequently the

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		confirmation of balance will be obtained from the coal suppliers.
43.	Statutory Compliance The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952 as regards investment of the employees' contributions to various terminal benefit funds including Family Benefit Funds, General Provident fund and Contributory Pension Scheme with matching contributions by the Company in accordance with the Act.	Since the company has not finalised its Employees Transfer scheme under Restructuring of erstwhile TNEB and continuing to adopt the pension schemes notified by State Government, the existing system of maintaining funds with TANGEDCO is being adopted.
44.	The Company has not prepared and annexed a Consolidated Financial Statement of its accounts with Udangudi Power Corporation Limited, NTPC Tamilnadu Energy Company Ltd., (NTECL) and NLC Tamilnadu Power Ltd., (NTPL) which is not in accordance with Companies Act, 2013.	Udangudi Power Corporation Ltd is under merger process and the legal formalities are going on. Thus the financials of UPCL till FY 2021-22 is not consolidated. In case of other joint venture and associated companies, the consolidation of books of accounts could not be carried out in FY 2021-22 due to the restricted time line for adoption of TANGEDCO books of accounts through voluntary revision of accounts based on the Hon'ble NCLT order.
45.	Actuarial valuation In the absence of documents and information substantiating the validation of employees and pensioners master data and benefit paid against obligation as well as the assumption used for the valuation including salary growth rate, discount rate used, 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.	In the actuarial valuation process, a consultant has been engaged to access the actuarial liability for gratuity liability, pension liability, earned leave liability, leave on private affairs liability. The base line data on the employees profile, pensioners profile and family pensioners profile as required by the actuary consultant based on which detailed report has been submitted and adopted by the Board. Such actuarial liability is brought into books of account during the year FY 2021-22 and to be considered as acceptable estimation of liability as management policy.

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46.	The value of provision made for employee benefits by the Company in the books of account falls short by Rs 672.53 Crores as compared to the total liability required to be made as per the Company's policy of apportionment of employee liability 6at the rate of 6/7th of the total liability.	The actuarial valuation report is prepared for the entire employees, pensioners and family pensioners pertaining to TANGEDCO and TANTRANSCO employees. As conventionally followed by the management the proportion of about 1/7th to TANTRANSCO and about 6/7th to TANGEDCO is justifiable. The variations have arisen due to timing difference in closing the annual accounts of both companies. If liability of TANGEDCO is independently accounted with out considering the portion of liability already created in TANTRANSCO, the books would show increased liability than what is to be booked in both companies together, as per the final actuarial valuation report. This will be off set during FY 2022-23.
47.	Inter Company /Inter Unit As regards inter unit and inter-company balances with Tamil Nadu Transmission Corporation Limited (TANTRANSCO) and TNEB Limited, ***a)*** Reference is drawn to Note 24 regarding an amount of Rs. 4,137.91 Crores shown under other current liabilities (Previous Year Rs 693.61 Crores in Note 13 – Other Current Assets) representing unreconciled interunit balances. ***b)*** Reference is drawn to Note 11 regarding unreconciled balance of Rs. 284.75 Crores with TANTRANSCO as at the year end.	Appropriate inter unit reconciliation will be carried out on the transactions of mail transfers between circles to head quarters, centralised payments from head quarters to circles, misclassification of transactions etc. The reconciliation of inter company transactions are regularly carried out and being adjusted.
48.	Schedule III - Companies Act, 2013 The Company does not maintain a list of vendors who are categorised as MSME and registered under MSMED Act, 2006.	The list of MSME vendors are manually maintained. While issuing orders for purchase of materials, the vendors will give supporting documents for their MSME status.

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	Consequently, we are unable to ascertain whether the provisions of MSMED Act have been fully complied as regards transactions including settlement of dues within the time limits prescribed underthat Act and payment/provision of prescribed interest for delayed settlements. Thevalue of overdue and interest payable and the consequent impact on the Statement of Profit and Loss is not ascertainable in the absence of adequate information and explanations.	The contracts have prescribed clauses for payment, if the vendors are under MSME category. However, TANGEDCO is under active process to update the vendor master data in ERP, with MSME status along with the period up to which they are valid.
49.	In the absence of information and explanations, we are unable to confirm whether trade receivable balances have been classified according to their tenure of outstanding and nature of dispute, if any, in accordance with Schedule III of the Companies Act, 2013.	The trade receivables (debtors) are being maintained and updated regularly in the LT and HT packages. The age wise analysis of trade receivable were disclosed under note no.41.
50.	In the absence of information and explanations, we are unable to confirm whethertrade payable balances have been classified according to their tenure of outstanding and nature of dispute in respect of MSME vendors, if any, in accordance with Schedule III of the Companies Act, 2013.	The aging of trade payables has been disclosed in note no.41. However TANGEDCO is in the process of reconciling vendor wise including MSME trade payables.
51.	Balances lying in Capital Work in Progress have not been classified according totheir tenure in accordance with Schedule III of the Companies Act, 2013.	Efforts will be taken enable proper facility in ERP for disclosing capital work in progress based on its tenure.
52.	Information relating to intangible assets under implementation including time and cost overrun have not been disclosed in accordance with Schedule III of the Companies Act, 2013.	Efforts will be taken for disclosing intangible assets under implementation.
53.	Disclosures relating to working capital limits obtained by the Company on the basis of security of current assets have not been disclosed in accordance with Schedule III of the Companies Act, 2013.	Efforts will be taken for disclosing working capital limits obtained by the TANGEDCO on the basis of security of current assets.
54.	In the absence of information and explanation, we are unable to confirm whetherdisclosure relating to title deeds of land have been fully disclosed in accordance with Schedule III of the Companies Act, 2013.	Efforts are being taken to transfer of title deeds in the name of TANGEDCO for the lands which are in the name of Government/local bodies and other departments. The

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		details of title deeds are disclosed in Note No.4a
55.	Information relating to Registration of charges or satisfaction with Registrar of Companies has not been disclosed in accordance with Schedule III requirements.	Efforts will be taken for proper disclosure on the Registration of charges or satisfaction with Registrar of Companies.
56.	Reasons for major variance (More than 25%) in disclosure of financial ratios have not been disclosed in accordance with Schedule III requirements.	Detailed analysis of major variations will be carried and disclosed in the ensuing financials.
57.	Borrowings Reference is drawn to Note 10 – Financial assets – cash and bank balances which include transactions during the year in cash credit from banks accounts and consequent balance as at the yearend have been grouped under the head balances with bank – on current account while the opening balance of cash credit from banks as at 1st April 2021 of Rs 5,860.82 Crores have been disclosed under Note 20 – Current financial liabilities – borrowings. Consequently, balances with bank – on account and cash credit from banks have not been disclosed correctly.	The transactions carried out during the year 2021-22 in the cash credit are accounted in the respective bank current accounts. In order to disclose the cash credit liability the balance has been segregated from the cash and bank balances. During the year 2021 22 the cash credit balance has to be updated from the bank accounts. This will be rectified in FY 2022-23.
58.	Finance Cost Reference is drawn to Note 10 relating Finance cost – other borrowing cost is understated by Rs. 1.34 Crore due to short provision of interest on CPS/GPF balance as on 31st March 2022 resulting in understatement of liability and loss by Rs 1.34 Crores in respect of certain account rendering units,	In the Note No.30 , the short provision of interest on CPS/GPF balance as on 31st March 2022 by the various circles will be rectified suitably.
59.	Financial Assets Reference is drawn to Note 9 - Financial assets – Trade Receivables, wherein Rs. 294.93 Crores representing amounts	Suitable action will be taken and adjusted in FY 2022-23.

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	shown as due from Puduchery Electricity Department has not yet been written off in the books of account and consequently Trade receivable balances are overstated and loss understated to that extent,	
60.	In certain account rendering units, customer collections have not been properly applied towards their respective dues. Consequently, trade receivable balances appear in negative balances as at the yearend in the books of account of such units and we are unable to confirm the correctness of Trade Receivables balance for theCompany as a whole.	The general ledger for debtors for various categories of consumers (LT and HT) have been created in the ERP modules. While accounting the assessments as well as collections, some circles would have accounted common debtors GL which led to negative balance in certain account heads. Due rectification of errors between debtors GLs will be arranged to be made.
61.	Reference is drawn to Note 9 – Financial Assets – Trade receivables which includes unreconciled receivables from HT consumers of Rs 65.49 Crores (Previous Year Rs 65.49 Crores) and LT consumers Rs 1,932.39 Crores (Previous Year Rs 1,932.39 Crores). Further, we are unable to confirm whether proper reconciliation exercise for receivables from HT and LT consumers have beencarried out during the year and the correctness of Trade Receivables balance as atthe yearend.	The TANGEDCO is in the process of reconciling the receivables from HT and LT consumers and appropriate adjustment journals will be made in the books of accounts.
62.	In respect of certain account rendering units, imprest and temporary advance givento the employees are not adjusted on a timely basis due to delay in submission ofbills and supporting documents by the employees. The consequent impact of non-settlement of advances on a timely basis on the Statement of Profit and Loss for the year ended is not ascertainable.	The imprest and temporary advance are being closed within the time line by the employees. The delay in submission of bills will be avoided through issue of suitable guidelines from head quarters.
63.	The balances of employee wise loans and advances maintained at the account rendering units do not match with the balance available in the books of accounts of the Company.	Efforts are being taken for uploading the loans and advances balance (Employee wise) into the ERP.
64.	In many account rendering units, amounts prepaid are not properly adjusted and accounted in the books of account.	The prepaid expenses is brought through FB 50 - T code and will be

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		adjusted in the relevant period through adjustment journal.
65.	Reference is drawn to Note 11 - Other Financial Asset, regarding difference in unbilled revenue of LT service connections between billing software and books of account of a few account rendering units by Rs 179.16 Crores remains unreconciled and unexplained. The differences are on account of non-reversal of previous year end accrual entries as well as non-accrual of current year revenue in respect of a few account rendering units. This has resulted in the overstatement of both revenuefrom operations as well other financial assets.	The year on year adjustment journal for unbilled revenue will be made every year based on the reports available in HT & LT packages. Proper rectification will be arranged to be made.
66.	Capital material consumption Reference is drawn to Note 32 – Other expenses regarding a sum of Rs 30.63 Crores(Credit) relating to capital material consumed classified under Repairs and Maintenance – Plant and Machinery. In the absence of information and explanations, we are unable to confirm whether this results in the understatementof loss in the Statement of Profit and Loss and/or correctness of the CWIP balanceas at the yearend.	Due to misclassification of booking of transactions the repairs and maintenance expenditure wrongly posted to capital materials consumption account head. This will be avoided through issue of proper guidelines from head quarters.
67.	An amount of Rs 384.61 Crores representing capital materials has been transferred to CWIP balance without adequate supporting against each work order. Similarly, an amount of Rs 122.53 Crores representing revenue materials has beentransferred to CWIP balance without adequate supporting against each work order. Consequently, we are unable to confirm the correctness of CWIP balance as at the year end.	CWIP balance will be analysed and Suitable adjustment will be arranged to be made.
68.	Depreciation In most of the account rendering units, depreciation has not been provided in respect of legacy balances as well as additions during the year posted manually, impact of which cannot be quantified in the absence of information and	Due to implementation of ERP in the phased manner, manual posting of fixed assets viz furniture, vehicles, office equipments, and their

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	explanations.	depreciation were carried out by few circles.
69.	Grants A sum of Rs 23.60 Crores representing grants received from World Bank in respect of Dam Rehabilitation and Improvement Project (DRIP) Scheme has been incorrectly accounted under inter unit accounts and not recognised in accordance with Ind AS 20 – Government Grants.	Suitable rectification of inter unit account with that of grant will be arranged to be carried out.
70.	Cash/Bank Bank Reconciliation has not been done for many bank accounts at various account rendering units and Headquarters. Further, closing balance of banks in various account rendering units shows huge credit balance for which no information and explanations were provided.	Effective followup action will be initiated from head quarters for ensuring regular bank reconcillation and proper adjustment of bank balances prevailing in the circles.
71.	At Headquarters, no entries have been accounted for payment made during the year for deductions towards LIC, GPF, society, PLI made from employees because of an ERP error. Consequently, bank balances remain unreconciled.	The errors in accounting of such deductions in the ERP process will be properly dealt with and adjusted.
72.	The collections from consumers through online payment gateways which are deposited into designated bank accounts have not been reconciled with books of account.	Proper measures will be taken to reconcile the online mode of collections from consumers so as to ensure proper books of accounts.
73.	Cheques in transit, cheques on hand, stale cheque and uncleared cheques remain unadjusted in respect of which no information for subsequent realisations have been made available at various account rendering units. Further, collection cheques are appearing in stale cheque account at various account rendering units for which no information and explanations have been provided.	The balances under cheque in transit, cheques on hand and uncleared cheques will be arranged for rectification suitably.
74.	Balance of cash on hand shows huge balance in some account rendering units	Proper guidelines will be issued for reconciliation of cash on hand

Sl. No.	Observations of Statutory Auditors	Management Reply
	as at the yearend. Further, physical balance of cash and as per books of account remain unreconciled.	balance and to ensure proper books of accounts.
75.	Balances in fixed deposits amounting to Rs 2,320.74 Crores as per confirmation of balance have not been reconciled with books of accounts	Proper guidelines will be issued for reconciliation of fixed deposit balance and to ensure proper books of accounts.
76.	Reference is drawn to Note 10 – cash and cash equivalent, which comprises cash on hand Rs 32.45 Crores (net) and the balance represents imprest, cheques on hand,temporary advance which have been classified as cash on hand balance as at the yearend.	The imprest and temporary advance balance held with employees are clubbed with cash and bank note no.10 and disclosed under cash on hand. The cheque on hand balance has been grouped under cheques, drafts and stamps on hand.
77.	Revenue Reconciliation of revenue between separate billing software and books of accounthas not been done. Consequently, the impact on both revenue and receivable balance at the yearend of certain account rendering units is not ascertainable. For instance, in Chennai South I account rendering unit, an amount of Rs 917.91 Crores pertaining to LT and HT have not been accounted in the books of account resulting in understatement of revenue and understatement of tradereceivable balances.	Fffective measures are being taken for reconciling the billing package and books of accounts in all the circles.
78.	Invoices raised for sale of fly ash, scrap and mill reject coal through a separate ZEN accounting software which are not captured in books of account at various account rendering units. Consequently, the impact on both revenue and receivable balance at the yearend of certain account rendering units is not ascertainable.	Suitable action will be arranged to be taken to address this issue.
79.	Purchase In certain accounting rendering units, invoices for purchases of solar power have not been accounted properly during the year which has an impact on the Statement of Profit and Loss.	Delay in claim through invoice from vendors may have led to delay in accounting of monthly transactions, in few circles. Such omissions will be

Sl. No.	Observations of Statutory Auditors	Management Reply
		avoided through issue of guidelines from head quarters.
80.	The Company has not accrued for the amounts due in respect of excess O&M expenditure, capital expenditure and additional profit earned by the NLC during the years from 2009-14 based on CERC orders passed with the applicable interest from the date on which the amount in dispute was payable/refundable. Non-accrual of the above sum from the date of orders of the CERC has resulted in overstatement of trade payable and loss to the Company, the impact of which could not be quantified due to non-availability of relevant information and explanations.	Due to pending litigation with CERC as appeal filed by NLC against CERC order dated 24.03.2022 and corrigendum order dated 26.04.2022, M/s.NLC has not submitted any credit notes towards downward revision.
81.	Ind AS As regards compliance with Ind AS 109 - Financial Instruments, the following non-compliances were noted: *a)* Concessional loans obtained from the government has not been measured as per the recognition and measurement principle laid as per Ind AS 109. *b)* Employee Loans of Rs 267.29 Crores has not been measured using the EffectiveInterest Rate as prescribed in the Ind AS 109. *c)* As per the current practice, the company applies a flat 2.5% on Trade receivable for the purpose of arriving at Expected Credit Loss (ECL). But there is no ECL framework/policy are in possession with management and no trend analysis were carried out in a way to validate the application of such 2.5%. *d)* Discount on issue of bonds has not been amortised over the tenure of the bond.	Will be arranged to be complied suitably. Considering the meagre quantum of impact due to effective interest rate on employees loans and advances, the management has decided to maintain the book balance. The Current consumption charges are being collected with atmost stringent measures and maintaining lesser credit loss and thus maintaining 2.50% provision on total debtors is adequate.

Sl. No.	Observations of Statutory Auditors	Management Reply
		Will be arranged to be complied suitably.
82.	As regards compliance with Ind AS 116 - Leases, the Company has not measured the Right Of Use Asset and Liability as per the provisions contained in IND AS 116 - Leases with respect to the building taken on lease for the purpose of providing staff accommodation. Since the relevant details with respect to the leaseis not provided to us, the financial impact of the same cannot be quantified.	TANGEDCO has classified this lease arrangement as operating lease based on the principles as per para 62 of Ind AS 116, as disclosed in note no.37.
83.	As regards compliance with Ind AS 21 - Effect of Changes in Foreign Exchange rates, the Company has not measured the forex gain or loss as per the measurement principle laid down in the standard therein.	Will be arranged to be complied with after analysis.
84.	As regards compliance with Ind AS 105 - Noncurrent Assets held for sale, since the company does not have a proper system in place to identify and report the assets that are solely held for sale rather than future economic use, we are unable to comment on the compliance with respect to Ind AS 105.	TANGEDCO do not have non current assets indented for sale and kept for further economic use.

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, the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2022.	As a part of on-going reconciliation of balances, the company has reconcilied the Capital Work -In progress (CWIP) balances of one of the five Genral Construction Circle (GCC), viz.GCC/Salem circle. The company is in the process of reconciling of all balances for the remaining GCCs with the assistance of the Consultants, M/s. KPMG Assurances and Consulting Services LLP, which is expected to be completed in the FY 2022-23.
2.	Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its fellow subsidiary company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 221.65 crores payable pending confirmation from the said party. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and a difference of Rs.283.60 crores receivable pending for the further reconciliation. Pending such confirmation and in the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	TANTRANSCO has brought all the transaction entries in its books of accounts. However the reconciliation with the fellow-subsidiary company, TANGEDCO Ltd.is under progress.
3.	Attention is drawn to note 25 of the financial statements under Other Non-Operating Income, which includes unreconciled inter unit opening balance of Rs. 30.31 crores, which has been transferred to statement of Profit and Loss.	The company has taken best efforts to reconcile the opening balance of Rs. 30.31 Crores, as part of reconciliation of all balances since inception. As the opening inter unit balance could not reconciled further,

		the management, considering materiality and passage of time has decided to charge the same to P&L as a write off.
4.	Attention is drawn to notes 16, 22 and 32 of the financial statements, where the Company has recognised an amount of Rs.7758.68 crores as liability based on an available independent actuarial valuation. Since the Company has no employees on its own, based on its Board's policy, the amount recognised by the Company represents about 1/7th of the total employee cost incurred by TANTRANSCO. Attention is drawn to note 32(B) read with note 26 of the financial statements. The amount of Employee benefit expenses of Rs.1,210.05 crores is carrying the impact of available actuarial valuation's cumulative true-up upto FY 2020-21. In the absence of sufficient appropriate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/ liability in its books and its compliances with Ind AS 19 - Employee Benefits.	TANTRANSCO shares about 1/7th of the pension payouts & adopts the ratio for recognizing the long term and retirement benefit obligations based on the available actuarial valuation report.
5.	Attention is drawn to note 40 and note 46 of the Financial Statements, where complete disclosures as required under Ind AS 24 – Related Party Disclosures and Ind AS 108 – Operating Segments has not been made by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance of Ind AS 108 – Operating Segments and Ind AS 24 – Related Party Disclosures.	Details of Operating segment as required will be arranged to be made available in the financials of FY 2022-23. Details of Related Party transactions is expected to be arranged from the Secretarial wing during the next FY 2022-23.
6.	(a) Attention is drawn to note 23 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.	The GST liability for the FY 2018-19 arising out of GSTR9C amounts to Rs.52.88 crores, of which the Rs.17.61 crores pertains to GST on Liquidated damages and as per GOI circular No.178/10/2022-GST dated 3.8.22, liquidated damages is not liable to GST, Rs.35.15 crores relates to GST on O&M Charges for which the company is in the process of filing Advance Ruling with GST Department. The GST liability of company on the transfer of assets

	(b) Turnover for the FY 2021-22 is Rs.3,631.28 crores, but as per GSTR-3B return it is Rs.2,843.32 crores. Turnover of Rs.787.96 crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable potion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2022 and the corresponding impact on statutory liabilities as at 31st March 2022	between the company and its fellow subsidiary has been filed before Honourable Madras High Court during April 2022 vide WP(SR) No.48820/2022. The GSTR 9 and 9C return can be filed only after reconciling with the Annual Accounts for the FY 21-22. The GST liability on taxable heads has already been paid based on the returns received from the circle and the difference in the income between financial statements and GSTR3B will mostly comprise of the income which is not subject to GST or exempt from GST.
7	(a) Attention is drawn to note 7 of the Financial Statements, party-wise break-up and confirmation of balances of trade receivables not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. (b) Attention is drawn to note 20 of the Financial Statements, ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	In the Trade receivables the major portion is the transmission charges pertaining to TANGEDCO and confirmation of balances were produced from TANGEDCO. FY 2021-22 being the first year of ERP migration, ERP has been in phased manner. Hence, the transactions were brought in accounts through process and by posting journal entries and the opening balances are carried forward as legacy. The details of Ageing of trade payables will be configured as a report in ERP in the FY 2021-22. The company have requested confirmation from the creditors and the same is awaited.
8.	Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in	The company has migrated into ERP in the FY 2021-22, the project wise details in respect of defferred revenue on consumer contribution

	the balances and corresponding impact in the loss for the year.	will be configured in ERP, through process in the FY 2022-23.
9.	Attention is drawn to note 18 of the Financial Statements, In the absence of appropriate documentary evidences, we are unable to verify the correctness of Government grant additions of Rs.5.03 crores received during the year. Also, In the absence of the details of opening balances and its corresponding amortizations, we are unable to assess the accuracy of the carrying values.	The details of grants received already furnished to audit. A report will be developed in ERP, to identify the asset created on the grants received for amortizations in FY 2021-22.
10.	Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The company has migrated into ERP in the FY 2021-22, details in respect of ageing details of EMD, SD and Retention money will be captured in ERP and a report will be developed in ERP, in order to extract the ageing details for the transactions entering into, during 2021-22.
11.	There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities as detailed below. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The long pending balance lying in the books of Accounts since inception, will be reconciled and treated appropriately in the books of accounts in the FY 2022-23.
12.	Attention is drawn to note 4(b) of the Financial Statements, wherein Intangible assets of Rs.21.84 crores is shown as Intangible assets under development are not evidenced by proper documents. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The ERP implementation expenditure is being shared by TANGEDCO and TANTRANSCO at 79.64% and 20.36%, the same has been exhibited under Intangible Asset, based on the details furnished by CE/IT wing.

TNEB LIMITED

Consolidated Balance Sheet as at 31 March 2022

(in INR crores)

Particulars	Note	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	88,521.39	91,974.63
Capital work-in-progress	4(a)	60,116.40	47,773.29
Investment property	4(b)	71.72	71.72
Other intangible assets	4(c)	317.65	284.33
Intangible assets under development	4(c)	108.56	49.78
Financial assets			
(i) Investments accounted for using equity method of accounting	5	2,190.94	2,015.58
(ii) Other financial assets	6	2,380.77	2,331.06
Other non-current assets	7	208.17	314.26
Total non-current assets		**1,53,915.60**	**1,44,814.65**
Current assets			
Inventories	8	1,922.51	2,173.89
Financial assets			
(i) Trade receivables	9	7,703.05	7,302.39
(ii) Cash and cash equivalents	10	3,015.69	4,535.57
(iii) Other financial assets	11	6,516.10	8,373.17
Current tax assets	12	80.80	25.46
Other current assets	13	1,998.99	939.71
Total current assets		**21,237.14**	**23,350.19**
TOTAL ASSETS		**1,75,152.74**	**1,68,164.84**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	25,818.34	25,375.94
Other equity	15	(1,58,906.83)	(1,44,841.36)
Equity attributable to owners of the Company		(1,33,088.49)	(1,19,465.42)
Non-controlling Interests	16	(0.38)	(0.32)
Total equity		(1,33,088.87)	(1,19,465.74)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17	1,29,430.76	1,24,409.86
(ii) Other financial liabilities	18	10,186.31	7,841.02
Provisions	19	45,662.91	41,218.00
Other non-current liabilities	20	3,370.36	7,302.75
Total non-current liabilities		**1,88,650.34**	**1,80,771.63**

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

TNEB LIMITED

Consolidated Balance Sheet as at 31 March 2022

(in INR crores)

Particulars	Note	31 March 2022	31 March 2021
Current liabilities			
Financial liabilities			
(i) Borrowings	21	53,929.31	43,450.64
(ii) Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		104.87	77.15
- Total outstanding dues of creditors other than micro enterprises and small enterprises		30,679.90	31,464.05
(iii) Other financial liabilities	23	22,239.55	22,406.76
Provisions	24	3,930.89	5,051.34
Other current liabilities	25	8,706.75	4,409.01
Total current liabilities		**1,19,591.27**	**1,06,858.95**
TOTAL EQUITY AND LIABILITIES		**1,75,152.74**	**1,68,164.84**

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Suresh Kumar
Company Secretary

As per our report of even date

For S. RAM & CO
Chartered Accountants
Firm No. 0002841S
UDIN:25022020BMKZXP1515

S. Ramalingam FCA
Partner
M. No. 022020

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date :12.05.2025

TNEB LIMITED
Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(in INR crores)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations	26	57,985.92	49,772.59
Other income	27	6,003.23	5,581.54
Total income		63,989.15	55,354.13
Expenses			
Cost of power purchase	28	36,923.73	36,188.66
Cost of power generation	29	7,875.54	5,566.37
Employee benefit expenses	30	9,640.39	10,893.56
Finance costs	31	12,341.67	12,495.21
Depreciation and amortization expenses	32	5,389.99	5,368.72
Other expenses	33	1,604.42	1,310.65
Total expenses		73,775.74	71,823.17
Profit (loss) before tax		(9,786.59)	(16,469.04)
Tax expense:	34		
Current tax		-	-
Deferred tax		-	-
Profit (loss) for the year before share of profit from		(9,786.59)	(16,469.04)
Add: Share of profit from jointy controlled entities		145.36	146.30
Profit for the year		(9,641.23)	(16,322.74)
Other comprehensive income			
Items not reclassified to profit or loss			
Remeasurement of defined benefit plan		(4,512.64)	1,927.28
Income tax relating to items that will not be		-	-
Total other comprehensive income for the year		(4,512.64)	1,927.28
Total comprehensive income for the year		(14,153.87)	(14,395.46)
Profit (loss) for the year attributable to:			
- Owners of the Company		(9,641.19)	(16,322.68)
- Non-controlling Interests		(0.04)	(0.06)
		(9,641.23)	(16,322.74)
Other Comprehensive Income / (loss) for the year			
- Owners of the Company		(4,512.62)	1,927.27
- Non-controlling Interests		(0.02)	0.01
		(4,512.64)	1,927.28
Total Comprehensive Income for the year			
- Owners of the Company		(14,153.81)	(14,395.41)
Non controlling Interests		(0.06)	(0.05)
		(14,153.87)	(14,395.46)
Earnings per equity share	35		
Basic		(3.77)	(6.43)
Diluted		(3.77)	(6.43)

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Suresh Kumar
Company Secretary

As per our report of even date

For S. RAM & CO
Chartered Accountants
Firm No. 0002841S
UDIN:25022020BMKZXP1515

S. Ramalingam FCA
Partner
M. No. 022020

S. RAM & CO CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date :12.05.2025

TNEB LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2022

(in INR crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit / (Loss) before tax	(9,641.23)	(16,322.74)
Adjustments for:		
Depreciation and amortization	5,234.49	5,368.72
Interest income	(244.45)	(166.99)
Finance costs	12,341.67	12,495.21
Transfer to other reserves	88.34	0.48
Reversal of impairment loss	-	(2.80)
Share of profit from jointy controlled entities and associates	(145.36)	(146.30)
Impairment loss on capital work in progress	155.50	-
Operating profit before working capital changes	**7,788.96**	**1,225.58**
Working capital adjustments:		
(Increase) decrease in inventories	251.38	123.14
(Increase) decrease in trade receivables	(400.66)	(646.14)
(Increase) decrease in other financial assets	1,807.36	(2,504.21)
(Increase) decrease in current tax assets	(55.34)	(10.78)
(Increase) decrease in other current assets	(1,059.28)	(384.32)
(Increase) decrease in non other current assets	106.09	505.62
Increase (decrease) in other non-current liabilities	(3,932.39)	(3,541.82)
Increase (decrease) in trade payables	(756.43)	518.33
Increase (decrease) in other financial liabilities	2,178.08	1,377.90
Increase (decrease) in other current liabilities	4,297.74	1,005.28
Increase (decrease) in provisions	(1,188.18)	1,696.08
Cash generated from operations	9,037.33	(635.34)
Income taxes paid (net)	-	-
Net cash flow from (used in) operating activities (A)	9,037.33	(635.34)

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

TNEB LIMITED
Consolidated Statement of Cash Flows for the year ended 31 March 2022

(in INR crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from investing activities		
Additions to property, plant and equipment, including capital advances, intangible assets and investment property	(1,814.57)	(3,177.99)
Acquisition or construction of capital work-in-progress	(12,498.61)	(9,601.20)
Acquisition or construction of intangibles under development	(58.78)	(49.25)
Purchase of investments	(30.00)	(8.29)
Interest income	244.45	166.99
Net cash flow from (used in) investing activities (B)	(14,157.51)	(12,669.74)
Cash flow from financing activities		
Net receipts from / repayment of borrowings	15,499.57	27,963.82
Proceeds from issue of equity share capital	442.40	-
Finance costs	(12,341.67)	(12,495.21)
Net cash flow from (used in) financing activities (C)	3,600.30	15,468.61
Net increase (decrease) in cash and cash equivalents (A+B+C)	(1,519.88)	2,163.53
Cash and cash equivalents at the beginning of the year	4,535.57	2,372.04
Cash and cash equivalents at the end of the year	3,015.69	4,535.57
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	2,518.39	4,367.44
Deposits with original maturity of less than three months	11.62	10.77
Cheques and drafts on hand	74.05	75.81
Cash on hand	411.63	81.55
	3,015.69	4,535.57

Notes:
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

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Suresh Kumar
Company Secretary

As per our report of even date

For S. RAM & CO
Chartered Accountants
Firm No. 0002841S
UDIN:25022020BMKZXP1515

S. Ramalingam FCA
Partner
M. No. 022020

S. RAM & CO. CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date :12.05.2025

TNEB LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(in INR crores)

A. Equity share capital

Particulars	No. of Shares	Amount
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
Balance as at 1 April 2021	25,37,59,43,714	25,375.94
Changes in equity share capital during the year	44,23,94,300	442.40
Add: Issued during the year		
Balance as at 31 March 2022	25,81,83,38,014	25,818.34

B. Other equity

Particulars	Reserves and surplus		Total other equity attributable to the owners of the	Non-controlling Interest	Total Other Equity
	Retained earnings	Other reserves			
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)
Balance as at 1 April 2021	(1,44,849.57)	8.21	(1,44,841.36)	(0.32)	(1,44,841.68)
Profit / (loss) for the year	(9,641.19)	88.34	(9,552.85)	(0.04)	(9552.89)
Other comprehensive income:					
Remeasurement gain / (loss) of defined benefit plans, net of tax	(4,512.62)	-	(4,512.62)	(0.02)	(4512.64)
Balance as at 31 March 2022	(1,59,003.38)	96.55	(1,58,906.83)	(0.38)	(1,58,907.21)

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Suresh Kumar
Company Secretary

As per our report of even date

For S. RAM & CO
Chartered Accountants
Firm No. 0002841S

S. Ramalingam FCA
Partner
M. No. 022020
UDIN:25022020BMKZXP1515

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date :12.05.2025

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.

These consolidated financial statements were approved for issue by the Board of Directors on 12.05.2025.

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below.

i. Ind AS 16 – *Property, Plant and Equipment (PPE)*
The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing while preparing the asset for its intended use (if any), shall not be recognised in the Statement of Profit and Loss but deducted from the directly attributable cost considered as part of cost of an item PPE. The Company has evaluated the amendment and there is no impact in recognition of its property, plant and equipment on its financial statements.

ii. Ind AS 37 – *Provisions, Contingent Liabilities and Contingent Assets*
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

iii. Ind AS 109 – *Financial Instruments*

The amendment clarifies the fees to be included in applying the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

(in INR crores)

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

Reconciliation of carrying amount*

Particulars	Freehold land	Buildings, hydraulic works and other civil works**	Plant and equipment and lines and cables***	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 2020	17,493.59	4,779.22	75,190.21	29.10	21.39	140.36	280.53	1,888.13	99,822.54	38,128.89	1,37,951.43
Additions during the year	88.74	79.46	3,061.39	0.41	5.80	12.19	0.00	2.17	3,250.16	9,644.40	12,894.56
Disposals/transfers during the year	-0.94	(0.28)	-15.98	-0.46	-0.69	-1.23	-55.48	-15.09	-90.15	-	-90.15
Balance as at 31 March 2021	17,581.39	4,858.40	78,235.62	29.05	26.50	151.32	225.05	1,875.21	1,02,982.55	47,773.29	1,50,755.84
Balance as at 1 April 2021*	17,581.39	6,720.27	77,183.09	29.04	26.53	151.34	225.05	1,065.82	1,02,982.52	47,773.29	1,50,755.81
Additions during the year	0.00	15.04	1,487.84	1.07	15.48	15.87	82.45	172.94	1,790.69	12,498.61	14,289.30
Disposals/transfers during the year	-0.59	-	-	-	-	-	-	-	-0.59	-	-0.59
Balance as at 31 March 2022	17,580.80	6,735.31	78,670.92	30.11	42.01	167.21	307.50	1,238.76	1,04,772.62	60,271.90	1,65,044.52
Accumulated depreciation and impairment losses											
Balance as at 1 April 2020	-	197.98	4,892.53	2.92	3.65	25.36	-	495.34	5,618.78	-	5,618.78
Depreciation during the year	-	199.85	5,075.36	3.54	3.26	38.56	-	97.44	5,418.01	-	5,418.01
Reversal of impairment loss	-	-	2.80	-	-	-	-	-	2.80	-	2.80
Disposals/transfers during the year	-	0.20	10.38	(1.15)	(0.97)	(13.36)	-	(0.01)	(26.07)	-	(26.07)
Balance as at 31 March 2021	-	397.63	9,955.71	5.31	5.94	50.56	-	592.77	11,007.92	-	11,007.92
Balance as at 1 April 2021	-	457.95	10,249.03	5.30	5.95	50.60	-	239.09	11,007.92	-	11,007.92
Depreciation during the year	-	283.51	4,947.12	1.37	1.83	9.13	-	0.35	5,243.31	-	5,243.31
Reversal of impairment loss	-	-	-	-	-	-	-	-	-	-	0.00
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-	0.00
Impairment Loss	-	-					-		-	155.50	155.50
Balance as at 31 March 2022	-	741.46	15,196.15	6.67	7.78	59.73	-	239.44	16,251.23	155.50	16,406.73
Carrying amount (net)											
As at 31 March 2021	17,581.39	4,460.77	68,279.91	23.74	20.56	100.76	225.05	1,282.44	91,974.63	47,773.29	1,39,747.92
As at 31 March 2022	17,580.80	5,993.85	63,474.78	23.44	34.23	107.48	307.50	998.32	88,521.39	60,116.40	1,48,637.79

*The Group as at 1 April 2021 has reclassified the class of fixed assets for better presentation.

**Buildings , Other civil works and Hydraulics works have been clubbed during the current year, while in previous year the same was shown separately

***Plant & equipment and Lines & cables have been clubbed during the current year, while in previous year the same was shown separately.

(in INR crores)

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 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 2.80 crores in FY 2020-21 respectively.

3 The Group has availed both term loans and working capital loans by mortgage 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.

5 During the year, the Group has initiated a detailed review of its Capital work in progress ("CWIP") balances. The management expects that for a significant portion of the CWIP, the value in use will be lesser than its carrying value and hence will be required to be impaired. Based on the review exercise carried till 31 March 2022, the management expects the anticipated impairment loss in one GCC (Salem) to be INR 155.51 crores for which the impairment provision has been created.
Upon completion of the complete review, the managements expects the books for the period upto 31 March 2022 might require a restatement to rectify the CWIP balances.

6 The Group is in the process of collating all the relevant data (CWIP) required to be disclosed in the financial statements as per revised Schedule III of Companies Act, 2013.

(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 2020	71.72	71.72
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	71.72	71.72
Balance as at 1 April 2021	71.72	71.72
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2022	71.72	71.72
Accumulated depreciation and impairment losses		
Balance as at 1 April 2020	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	-	-
Balance as at 1 April 2021	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2022	-	-
Carrying amount (net)		
As at 31 March 2021	71.72	71.72
As at 31 March 2022	71.72	71.72
Fair value		
As at 31 March 2021	71.72	71.72
As at 31 March 2022	71.72	71.72

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.

(in INR crores)

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 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
Balance as at 1 April 2021	0.13	284.20	284.33	49.78
Additions during the year	1.20	32.12	33.32	58.78
Disposals/ transfers during the year	-		-	-
Balance as at 31 March 2022	1.33	316.32	317.65	108.56
Accumulated amortization and impairment losses				
Balance as at 1 April 2020	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/ transfers during the year	-	-	-	
Balance as at 31 March 2021	-	-	-	-
Balance as at 1 April 2021		-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/ transfers during the year	-	-	-	-
Balance as at 31 March 2022	-	-	-	-
Carrying amount (net)				
As at 31 March 2021	0.13	284.20	284.33	49.78
As at 31 March 2022	1.33	316.32	317.65	108.56

Intangible assets under development ageing schedule as at 31 March 2022

Intangible assets under development	Amount in CWIP for a period of				Total
	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	58.78	49.25	0.53		108.56
Projects temporarily suspended					-

Intangible assets under development ageing schedule as at 31 March 2021

Intangible assets under development	Amount in CWIP for a period of				Total
	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	49.25	0.53			49.78
Projects temporarily suspended					-

(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 2020	71.72	71.72
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	71.72	71.72
Balance as at 1 April 2021	71.72	71.72
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2022	71.72	71.72
Accumulated depreciation and impairment losses		
Balance as at 1 April 2020	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	-	-
Balance as at 1 April 2021	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2022	-	-
Carrying amount (net)		
As at 31 March 2021	71.72	71.72
As at 31 March 2022	71.72	71.72
Fair value		
As at 31 March 2021	71.72	71.72
As at 31 March 2022	71.72	71.72

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.

(in INR crores)

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 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**
Balance as at 1 April 2021	0.13	284.20	284.33	49.78
Additions during the year	1.20	32.12	33.32	58.78
Disposals/transfers during the year	-		-	-
Balance as at 31 March 2022	**1.33**	**316.32**	**317.65**	**108.56**
Accumulated amortization and impairment losses				
Balance as at 1 April 2020	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**	**-**
Balance as at 1 April 2021	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2022	**-**	**-**	**-**	**-**
Carrying amount (net)				
As at 31 March 2021	0.13	284.20	284.33	49.78
As at 31 March 2022	1.33	316.32	317.65	108.56

Intangible assets under development ageing schedule as at 31 March 2022

	Amount in CWIP for a period of				Total
Intangible assets under development	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	58.78	49.25	0.53		108.56
Projects temporarily suspended	-				-

Intangible assets under development ageing schedule as at 31 March 2021

	Amount in CWIP for a period of				Total
Intangible assets under development	Less-than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	49.25	0.53			49.78
Projects temporarily suspended					-

5 Financial assets - Investments (accounted for using the Equity Method) (in INR crores)

	31 March 2022	31 March 2021
Non-current investments		
Investment in associates		
a. NLC Tamil Nadu Power Limited 240,684,620 (31 March 2021: 240,684,620) equity shares of INR 10 each	288.76	306.35
Investment in joint ventures		
a. NTPC Tamil Nadu Energy Company Ltd[C] 1,436,396,112 (31 March 2021: 1,436,396,112) equity shares of INR 10 each	1,888.35	1,697.50
b. Mandakini B Coal Corporation Limited[B] 207,843 (31 March 2021: 207,843) equity shares of INR 10 each	2.08	2.08
c. Maha Tamil Collieries Limited[A] 37,000 (31 March 2021: 37,000) equity shares of INR 10 each	11.75	9.65
	2,190.94	2,015.58
All units are in absolute numbers		
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	2,190.94	2,015.58
Aggregate amount of impairment in value of investme	-	-

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.

[C] Includes an amount of INR 30 crores for which shares are pending to be alloted by NTPC Tamil Nadu Energy Company Ltd.

6 Other financial assets

	31 March 2022	31 March 2021
Fixed deposits	2,316.74	2,267.42
Security and other deposits	6.88	6.74
Commitment advance paid towards projects	113.73	113.48
Less : Expected credit loss allowance	(56.58)	-56.58
	2,380.77	2,331.06

Movement in the life-time Expected Credit Loss ("ECL") allowance on non-current investments:

Balance at the beginning of the year	(56.58)	(58.50)
Movement in ECL on non-current investments calculated at life-time expected credit losses	-	1.92
ECL at the end of the year	(56.58)	(56.58)

7 Other non-current assets

	31 March 2022	31 March 2021
Capital advances	208.17	314.26
	208.17	314.26

(in INR crores)

8 Inventories

	31 March 2022	31 March 2021
(At lower of cost and net realisable value)		
Raw materials		
In hand		
- Coal	316.60	277.05
- Oil and chemical	49.09	50.20
Goods in transit		
- Coal	101.69	194.37
	467.38	521.62
Other materials		
In hand	1,479.40	1,676.54
Goods in transit	-	-
	1,479.40	1,676.54
Less: provision for loss/ obsolescence of stock	(24.27)	(24.27)
	1,922.51	2,173.89

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 2022	31 March 2021
Trade receivables		
Unsecured, considered good	7,899.94	7,489.01
Significant increase in credit risk	-	-
	7,899.94	7,489.01
Credit impaired	(196.89)	(186.62)
	(196.89)	(186.62)
Net trade receivables	7,703.05	7,302.39

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.

(in INR crores)

Trade receivables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables							
a) Considered good	-	618.70	0.23	0.58	0.40	1.49	621.40
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
(ii) Disputed Trade Receivables							
a) Considered good	-	-	-	-	-	-	-
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
Total (i) + (ii)	-	618.70	0.23	0.58	0.40	1.49	621.40

Trade Receivables Ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables							
a) Considered good	-	148.83	-	0.58	0.40	1.49	151.30
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
(ii) Disputed Trade Receivables							
a) Secured, considered good	-	-	-	-	-	-	-
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
Total (i) + (ii)	-	148.83	-	0.58	0.40	1.49	151.30

10 Financial assets - Cash and bank balances

	31 March 2022	31 March 2021
Balances with banks		
- On current account	2,518.39	4,367.44
- Deposits with original maturity of less than three mo	11.62	10.77
Cash on hand	411.63	81.55
Cheques, drafts and stamps on hand	74.05	75.81
	3,015.69	4,535.57

(in INR crores)

11 Other financial assets

	31 March 2022	31 March 2021
Receivable from related parties*	-	107.77
Subsidy receivable	3,468.79	6,138.77
Unbilled revenue	1,433.01	1,341.80
Employee loan	267.51	345.55
Sundry receivables	1,183.06	341.10
Security deposits	131.36	54.91
Amount recoverable from employees	32.37	43.27
	6,516.10	8,373.17

*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 2022	31 March 2021
Balances with government authorities	80.80	25.46
	80.80	25.46

13 Other current assets

	31 March 2022	31 March 2021
Unsecured, considered good		
Inter-unit balances	-	663.30
Advances to suppliers and contractors	1,969.79	269.09
Stock for scraps	18.71	
Balances with statutory authorities	10.30	7.17
Prepaid Expenses	0.19	0.15
	1,998.99	939.71

14 Share capital

(in INR crores)

	31 March 2022	31 March 2021
Authorized		
30,00,00,00,000 shares (31 March 2021: 30,00,00,00,000) equity shares of INR 10 each	30,000.00	30,000.00
	30,000.00	30,000.00
Issued, subscribed and paid-up[1]		
25,81,83,38,014 (31 March 2021: 25,37,59,43,714) equity shares of INR 10 each fully paid up	25,818.34	25,375.94
	25,818.34	25,375.94

[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 2022		31 March 2021	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	25,37,59,43,714	25,375.94	25,37,59,43,714	25,375.94
Shares issued for cash	44,23,94,300	442.40	-	-
At the end of the year	25,81,83,38,014	25,818.34	25,37,59,43,714	25,375.94

Note : The company has allotted 3,98,49,320 equity shares during the year as partially paid 33,04,300 up at par in consideration towards Dam Rehabilitation and Improvement works in (DRIP) Phase-II & III Works in Mukurthy Dam, Pykara Dam and Pykara New Forebay Dam in Kundha Generation Circle, Nilgiris Distrst and Kodayar_II Dam and Manalar Dam in Tirunelveli Generation Circle in Kanyakumari and Theni Districts of Tamil Nadu for an amount of Rs. 3984.94 Lakhs - G.O. (Ms) No.65 dated 23 Decemeber 2021 vide Board Approval dated 19 March 2022 and 3,50,00,000 equity shares during the year as fully pad up at par in consideration towards execution of East Coast Economic Corridor Phase II Chennai Kanyakumari Industrial Project Releasing of Fund of Rs. 375 crores Equity Assistance vide G.O.(MS). No.50, dated 01 October 2021, vide Board approval dated 19 March 2022, and and 6,40,90,000 equity shares during the year as fully paid up at par in consideration towards execution of Implementation of Tamil nadu Transmission System improvement project under JICA funding - release of Fund to the tune of Rs. 64.09 crores vide G.O.(MS). No.56, dated 26 October 2021 vide Board approval dated 19 March 2022.

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs 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 2022		31 March 2021	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,81,83,38,014	25,818.34	25,37,59,43,714	25,375.94
	25,81,83,38,014	25,818.34	25,37,59,43,714	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 2022		31 March 2021	
	No. of shares*	% held	No. of shares*	% held
Equity shares of INR 10 each fully paid-up held by Government of Tamil Nadu	25,81,83,38,014	100.00%	25,37,59,43,714	100.00%
	25,81,83,38,014	100.00%	25,37,59,43,714	100.00%

*Shares details are in absolute numbers.

e) Disclosure of Shareholding of Promoters

Promoter Name	31 March 2022			31 March 2021		
	No. of shares*	% held	% change	No. of shares*	% held	% change
Government of Tamil Nadu	25,81,83,38,014	100.00%	1.71%	25,37,59,43,714	100.00%	0.00%
	25,81,83,38,014	100.00%	1.71%	25,37,59,43,714	100.00%	0.00%

*Shares details are in absolute numbers.

(in INR crores)

15 Other equity

	31 March 2022	31 March 2021
Retained earnings	(1,59,003.38)	(1,44,849.57)
Other reserves	96.55	8.21
	(1,58,906.83)	(1,44,841.36)

15.1 Retained earnings

	31 March 2022	31 March 2021
Opening balance	(1,44,849.57)	(1,30,454.16)
Add: Profit (loss) for the year	(9,641.19)	(16,322.68)
Add : Remeasurement gain / (loss) of defined benefit plans, net of tax	(4,512.62)	1,927.27
Closing balance	-1,59,003.38	-1,44,849.57

15.2 Other reserves

	31 March 2022	31 March 2021
i. House Building Advance-Special family Benefit Fund Scheme		
Opening balance	8.14	7.73
Transfer during the year	(0.32)	0.41
Closing balance	7.82	8.14
ii. General Reserve		
Opening balance	0.07	-
Transfer during the year	0.02	0.07
Closing balance	0.09	0.07
iii. Hydro balancing fund		
Opening balance	-	-
Transfer during the year	88.64	-
Closing balance	88.64	-

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.

iii. Hydro balancing fund is created (when the hydro generation in a particular year exceeds 25% plant load factor ('PLF')) to meet any financial loss arising on account of increase in quantum of power purchase due to adverse monsoon resulting in reduction in hydro generation.

16 Non-controlling Interests (NCI)

	31 March 2022	31 March 2021
Opening Balance	(0.32)	(0.27)
Share of Profit/(Loss) for the year	(0.04)	(0.06)
Other Comprehensive Income/(Expenses) for the year (Net of Tax)	(0.02)	0.01
Closing Balance	(0.38)	(0.32)

(in INR crores)

17 Non-current financial liabilities - borrowings

	31 March 2022	31 March 2021
Redeemable non convertible bonds (secured)	3,027.18	3,932.21
	3,027.18	3,932.21
Term loans		
Secured		
From financial institutions	46,361.49	53,141.49
From banks	369.74	425.72
From government	-	-
Unsecured		
From banks	7,949.95	10,250.52
From financial institutions	65,614.95	51,076.34
From government	6,107.45	5,583.58
	1,26,403.58	1,20,477.65
	1,29,430.76	1,24,409.86

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 61,920.19 crores (31 March 2021: INR 54,849.86 crores) for the total loan amount outstanding of INR 138,916.09 crores (31 March 2021: INR 122,207.54 crores).

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 2022	31 March 2021
Payable to employees	7,723.67	5,527.49
Earnest money deposits and retention money	2,450.46	2,300.54
Upfront lease rent received	12.18	12.99
	10,186.31	7,841.02

19 Provision - non-current

	31 March 2022	31 March 2021
Provision for employment benefits (refer note 36)	45,662.91	41,218.00
	45,662.91	41,218.00

20 Other non-current liabilities

	31 March 2022	31 March 2021
Deferred revenue*	2,586.45	6,705.68
Deferred revenue on consumer contribution	783.91	597.07
	3,370.36	7,302.75

(in INR crores)

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 997.48 crores (31 March 2021: INR 899.37 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.

b. INR 540.65 crores (31 March 2021: INR 447.83 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 43.67 crores (31 March 2021: INR 47.71 crores) received from Government of India under Rajiv Gandhi Gram Vikas Yojana for rural electrification.

d. INR 142.35 crores (31 March 2021: INR 157.62 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.

e. INR 152.31 crores (31 March 2021: nil) received from Government of India, Ministry of Power under R-APDRP-Part-A, SCADA project for strengthening of sub-transmisssion & distribution network in urban areas including provisioning of solar panels and metering and IT enablement of distribution sector.

f. INR 5.02 crores (31 March 2021: nil) received from Government of Tamil Nadu for reallocation of the energy conservation activities from electrical inspectorate as per the Energy Conservation Act 2001.

ii INR 4,563 crores as of 31 March 2021, and INR 9,126 crores as of 1 April 2020, of interest free loan received from the state government under Ujwal Discom Assurance Yojana ('UDAY') during the FY2016-17 was converted into grant of INR 4,563 crores for five years commencing from 2017-18 to 2021-22. As of 31 March 2022, the interest free loan was fully converted into grant and amortised during the year.

iii INR 32.71 crores (31 March 2021: INR 39.11 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.

iv. INR 3.56 crores (31 March 2021: INR 3.79 crores) received from NTECL for cooling water system.

21 Current financial liabilities - borrowings

	31 March 2022	31 March 2021
Secured		
Current maturities of long term borrowings	40,398.20	22,446.81
Bill of exchange discounted with banks	7,610.97	4,322.44
Cash credit from banks*	5,920.14	5,860.82
Term loans		
From financial institutions	-	10,820.57
From banks	-	-
	53,929.31	43,450.64

Term loans and working capital loans are secured by the mortgage on fixed assets and hypothecation of current assets of the Group.

*The rate of interest spread for cash credit amounting to INR 59.32 crores as per sanction is 6 months MCLR + 2% and accordingly, the rate of interest as on 31 March 2022 is 10.05% p.a.

(in INR crores)

22 Financial liabilities - Trade payables

	31 March 2022	31 March 2021
Trade payables for goods and services	26,812.83	29,854.37
Trade payables for expenses	3,971.94	1,686.83
	30,784.77	31,541.20

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 42.

	31 March 2022	31 March 2021
Due to micro, small and medium enterprises (refer not	104.87	77.15
Dues to others	30,679.90	31,464.05
	30,784.77	31,541.20

All trade payables are 'current'.

Of the above, trade payable to related parties are as below:

	31 March 2022	31 March 2021
Trade payables to related parties	294.67	2,818.83

23 Other financial liabilities

	31 March 2022	31 March 2021
Deposits*	21,679.67	21,088.10
Employee benefits payable	515.82	1,277.63
Administrative expenses payable to UMPPs	38.96	38.96
Government subsidy refundable	4.16	1.26
Upfront lease rent received	0.81	0.81
Payable to related parties	0.13	-
	22,239.55	22,406.76

*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 Company, since the co-generation projects are jointly developed and run by TANGEDCO, co-operative sugar mills and public sector sugar mills. The accounting The Company's exposure to liquidity risks related to other financial liabilities is disclosed in Note 42.

24 Provisions

	31 March 2022	31 March 2021
Provision for employee benefits	3,930.89	5,051.34
	3,930.89	5,051.34

Disclosures as per Ind AS 19 'Employee benefits' are provided in Note 36.

25 Other current liabilities

	31 March 2022	31 March 2021
Inter-unit balances	4,134.94	-
Statutory liabilities	4,121.26	3,358.13
Advance from customers	269.47	688.95
Duties and taxes	51.66	168.76
Others	129.42	193.17
	8,706.75	4,409.01

(in INR crores)

17A Details of terms and repayment schedule

Particulars	Tenor (in months)	Year of maturity	31 March 2022	31 March 2021
Bonds or debentures (secured)				
731 units (31 March 2021 : 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	73.17	73.16
400 units (31 March 2021 : 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	41.04
500 units (31 March 2021 : 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	50.71
5,018 units (31 March 2021 : 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	515.29	515.53
1,000 units (31 March 2021 : 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	994.71	1,026.21
1,000 units (31 March 2021 : 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	907.54	1,019.44
6,263 units (31 March 2021 : 6,263 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	444.72	635.49
612.4 units (31 March 2021 : 612.4 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
148 units (31 March 2021 : 148 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
2,156 units (31 March 2021 : 2,156 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
2682 units (31 March 2021 : 2682 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
			3,027.18	3,932.21

(in INR crores)

Particulars	Interest rate	Tenor (In years)	31 March 2022	31 March 2021
Term loans				
Secured				
a. from financial institutions				
Pradhan Mantri Gramodaya Yojana ("PMGY")	10.5% to 12%	20 years	4.85	6.10
Accelerated Power Development and Reform Programme ("APDRP")	9% to 12.5%	20 years	12.60	22.79
Rural Electrification Corporation Limited ("REC Ltd.")	10.35% to 12.75	1 to 20 years	13,561.47	18,920.80
Power Finance Corporation Ltd. ("PFC")	10.3% to 12.65%	12 to 20 years	8,814.17	10,191.94
Housing and Urban Development Corporation ("HUDCO")	9% to 10%	15 years	656.53	488.37
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9.00%	3 to 7 years	122.83	417.63
Rajiv Gandhi Grameen Vidyutikaran Yojana ("RGGVY")	10.50%	9 years	0.58	0.68
Deen Dayal Upadhyaya Gram Jyoti Yojana ("DDUGJY")	11.00%	11 years	293.59	305.67
Integrated Power Development Scheme ("IPDS")	10.63%	15 years	459.55	484.67
Indian Renewable Energy Development Agency Limited ("IREDA")	10.34% to 11.60	2 years	-	508.66
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - A	12%	20 years	-	116.32
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - B	9.75% to 11.5%	15 to 20 years	1,309.17	2,142.72
Rural Electrification Corporation	10% to 12%	15 to 18 years	12,106.29	11,867.68
Power Finance Corporation	9% to 11.29%	15 to 18 years	9,465.93	8,680.77
National Bank for Agriculture and Rural Development	10.75%	15 years	125.47	139.40
Housing and Urban Development Corporation	10.50%	15 years	360.11	505.04
Indian Renewable Energy Development Agency Limited	9.50%	3 years	815.01	230.00
PTC India Financial Services	9.75% to 10%	15 years	447.47	461.47
			48,555.62	55,490.71
b. from banks				
Bank of Baroda	0.08	10 Years	425.29	481.27
			425.29	481.27
Unsecured				
a. from banks				
Medium term loan	7% to 13%	2 to 7 years	7,949.95	10,250.52
			7,949.95	10,250.52
b. from financial institutions				
National Bank for Agriculture and Rural Development ("NABARD")	10.75%	10 years	-	49.23
Rural Electrification Corporation Limited ("REC Ltd.")	10.5% to 11%	7 to 11 years	21,354.28	6,950.31
Power Finance Corporation Ltd. ("PFC")	10.75% to 12.15	5 to 12 years	23,421.27	18,964.79
Housing and Urban Development Corporation ("HUDCO")	9.75% to 12.25%	14 to 16 years	2,496.51	2,927.44
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9% to 11%	3 to 7 years	13,500.63	18,922.97
Indian Renewable Energy Development Agency Limited ("IREDA")	10.50% to 11.60	10 years	301.35	36.76
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - B	9.75% to 11.5%	15 to 20 years	665.23	-
Tamilnadu Industrial Investment Corporation ("TIIC")	0.10	2 years	100.00	-
Life Insurance Corporation of India	9.05% to 13%	15 years	59.93	128.80
			61,899.20	47,980.30
c. from foreign financial institutions				
GoTN (JICA)	0.55%	30 years	1,974.23	2,034.04
GoTN (KfW)	1.63%	15 years	689.40	679.98
GoTN (ADB)	LIBOR+0.50%	20 years	1,483.87	672.54
			4,147.50	3,386.56
d. from government				
Government of Tamil Nadu	0% to 10.50%	10 years	4,470.81	4,082.78
Ways and means	12.60% to 13.30%	10 years	1,616.19	1,480.35
Government of Tamil Nadu	0.00%	10 years	20.45	25.26
			6,107.45	5,588.39
e. Bonds	6.25% -11.50%		0.05	0.05
			0.05	0.05

(in INR crores)

26 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of power - Low tension ('LT') supply	22,227.58	19,955.84
Sale of power - High tension ('HT') supply	16,732.34	12,106.54
Transmission charges	784.35	623.94
Scheduling and system operating charges and other operating income	207.09	227.73
Government grants		
- Tariff subsidy from government	8,932.45	8,269.73
- Other revenue grants received from government	6,718.84	6,001.82
Wheeling charges	241.67	254.59
Other operational income		
- Income from other services provided to customers	1,527.03	1,618.35
- Estimate charges	66.68	237.69
- Meter rent charges	29.16	31.12
- Reconnection charges	27.05	113.50
- Service connection charges	7.96	59.33
- Miscellaneous revenue	483.72	272.41
	57,985.92	49,772.59

Disclosures as per Ind AS 115, Revenue from Contracts with Customers are provided in note 43.

27 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Recoveries from consumers*	81.97	153.56
Interest income	244.45	166.99
Liquidated damages	99.89	356.76
Income from sale of scrap	133.81	109.31
Amortization of capital grants	4,607.47	4,593.85
Reversal of impairment on non-financial assets	-	2.80
Reversal of impairment on financial assets	-	1.94
Miscellaneous receipts	737.50	177.97
Other non-operating income***	49.91	16.67
Net gain on foreign currency translations**	45.76	-
Interest on staff loans and advances	1.04	1.69
Gain on sale of property,plant and equipment	1.43	-
	6,003.23	5,581.54

* 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.

** Net gain on translation of foreign currency borrowings and other foreign currency payables.

*** This includes unreconciled interunit balances of Rs. 30.31 crores (Opening balance) . Due to passage of time and materiality the liabilities are treated to be no longer to be settled and hence reversed.

(in INR crores)

28 Cost of power purchases

	Year ended 31 March 2022	Year ended 31 March 2021
Central generating sources	15,842.71	15,730.85
Traders & exchanges	12,359.46	12,697.56
Transmission charges	4,116.29	2,393.51
Non-conventional energy sources	3,452.91	4,492.24
Independent power producers	1,152.36	874.50
	36,923.73	36,188.66

29 Cost of power generation

	Year ended 31 March 2022	Year ended 31 March 2021
Raw materials consumed	7,796.86	5,473.79
Direct expenses at generating stations	78.68	92.58
	7,875.54	5,566.37

30 Employee benefit expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and other allowances	5,003.07	6,785.28
Contribution to provident and other funds	4,624.30	4,058.12
Staff welfare expenses	13.02	50.16
	9,640.39	10,893.56

31 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense	11,809.10	11,607.56
Other borrowing costs	367.04	580.44
Interest paid on contribution to provident and other funds	165.53	135.26
Discount on issue of bonds	-	171.95
	12,341.67	12,495.21

32 Depreciation and amortization expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of property, plant and equipment (refer note 4(a))	5,234.49	5,368.72
Provision for impairment loss on non-current assets (non-financial)	155.50	-
	5,389.99	5,368.72

(in INR crores)

33 Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Repairs and maintenance		
- Plant & Machinery	387.43	574.36
- Buildings and civil works	1.67	42.60
- Vehicles	2.43	6.67
- Furniture	0.95	0.66
- Office Equipment	15.74	5.92
- Lines, cables and networks	1.38	5.12
- Others	10.40	1.03
Security charges	105.64	124.68
Net loss on foreign exchange fluctuation	5.64	98.18
Travelling and conveyance	73.18	75.87
Legal and professional charges	22.73	41.23
Office related expenses	11.20	37.08
Electricity charges	38.46	26.42
Rates and taxes	15.45	25.13
Telephone and communication	18.80	18.70
Bad debts written off	1.15	15.20
Rent	12.74	50.85
Freight charges	0.43	11.91
Stores related expenses	18.55	10.93
Provision For bad and doubtful debts	10.27	1.43
Provision for hydro balancing fund	88.64	-
Insurance	1.84	1.93
Audit Fees (refer Note 33(i))	1.47	0.48
Penal Interest	533.36	-
Miscellaneous expense	224.87	134.27
	1,604.42	1,310.65

(i) Payment to auditors

	Year ended 31 March 2022	Year ended 31 March 2021
As auditor:		
Statutory audit fees	0.78	0.40
Tax audit fees	0.05	0.01
Other services	0.56	0.00
Reimbursement of expenses	0.08	0.07
	1.47	0.48

34 Tax expense

	Year ended 31 March 2022	Year ended 31 March 2021
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 2022	Year ended 31 March 2021
Profit (loss) for the year, attributable to the equity holders	(9,641.23)	(16,322.74)

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

	Year ended 31 March 2022	Year ended 31 March 2021
Opening balance of issued equity shares	25,37,59,43,714	25,37,59,43,714
Effect of fresh issue of shares	44,23,94,300	-
Closing balance of issued equity shares	25,81,83,38,014	25,37,59,43,714
Weighted average number of equity shares for the year	25,56,16,07,713	25,37,59,43,714
Basic and diluted earnings per share (in INR)	(3.77)	(6.43)

(in INR crores)

36 Assets and liabilities relating to employee benefits

	Non-Current		Current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Provision for employee benefits:				
Provision for gratuity	2,626.78	2,499.93	311.42	144.45
Provision for staff pension	39,591.99	33,769.89	2,969.11	4,554.81
Liability for compensated absences	3,444.15	4,948.19	649.73	352.07
	45,662.92	41,218.01	3,930.26	5,051.33

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 264.58 crores (2020-21: INR 215.11 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 2022	31 March 2021
Present value of obligation at the beginning of the year	2,644.38	2,453.75
Current service cost	77.56	119.37
Interest cost	176.12	143.42
Past service cost	(113.38)	-
Benefits paid	(146.31)	(138.15)
Actuarial (gains) losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains) losses on obligations - due to change in financial assumptions	(100.83)	7.23
Actuarial (gains) losses on obligations - due to experience	400.66	58.76
Present value of benefit obligation at the end of the year	2,938.20	2,644.38

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2022	31 March 2021
Current service cost	77.56	119.37
Past service cost	(113.38)	-
Net interest cost	176.12	143.42
Expenses recognized	140.30	262.79

c) Expenses recognized in the other comprehensive income (OCI)

Particulars	31 March 2022	31 March 2021
Actuarial (gains) losses on obligation for the year	299.83	65.99
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	299.83	65.99

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.

(in INR crores)

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

a) Changes in the present value of the defined benefit obligation

Particulars	31 March 2022	31 March 2021
Present value of obligation at the beginning of the year	38,324.70	39,850.70
Current service cost	359.17	1,757.43
Interest cost	2,619.82	1,668.31
Benefits paid	(2,955.41)	(2,958.45)
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(4,839.22)	(91.74)
Actuarial (gains)/ losses on obligations - due to experience	9,052.04	(1,901.53)
Present value of benefit oblig. 'ion at the end of the year	42,561.10	38,324.70

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2022	31 March 2021
Current service cost	359.17	1,757.43
Net interest cost	2,619.82	1,668.31
Expenses recognized	2,978.99	3,425.73

c) Expenses recognized in the Other Comprehensive Income ('OCI')

Particulars	31 March 2022	31 March 2021
Actuarial (gains)/ losses on obligation for the year	4,212.82	(1,993.28)
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	4,212.82	(1,993.28)

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 2022		31 March 2021	
	Gratuity	Pension	Gratuity	Pension
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Discount rate (per annum)	7.30%	7.50%	7.77%	7.11%
Rate of salary increase	5.00%	5.00%	5.00%	5.00%
Rate of employee turnover	1.00%	1.00%	1.00%	1.00%

At 31 March 2022, the weighted average duration of the gratuity and pension was 5.32 and 11.32 years respectively.

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 2022		31 March 2021	
	Gratuity	Pension	Gratuity	Pension
Projected benefit obligation on current assumptions:				
Delta effect of +1% change in discount rate	(144.85)	(3,541.49)	(97.33)	(3,254.75)
Delta effect of -1% change in discount rate	176.37	5,113.74	106.03	3,832.92
Delta effect of +1% change in rate of salary increase	91.10	846.13	77.64	578.30
Delta effect of -1% change in rate of salary increase	(91.84)	(772.81)	(79.65)	541.80
Delta effect of +1% change in rate of employee turnover	0.29	-	5.44	(252.94)
Delta effect of -1% change in rate of employee turnover	(0.59)	-	5.75	287.44
Delta effect of +1% change in rate of employee mortality rate	-	-	0.19	578.70
Delta effect of -1% change in rate of employee mortality rate	-	-	(1.32)	(529.76)

(in INR crores)

37 Income Tax

A Amounts recognized in the Statement of Profit and Loss

	31 March 2022	31 March 2021
Current tax	-	-
Deferred tax expense/ (income)	(3,482.03)	(1,697.28)
Reversal of Deferred tax expense/ (income) (refer note B below)	3,482.03	1,697.28
Tax expense for the year	-	-

B Movement in deferred tax balances

31 March 2022

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	15,250.51	(45.15)	-	15,205.36
Other remeasurements including prior period corrections	(1,737.13)	2,786.62	-	1,049.49
	13,513.38	2,741.47	-	16,254.85
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(23.66)	1.82	-	(21.84)
Remeasurement gain on defined benefit obligation	601.31		(2,009.25)	(1,407.94)
Provision on employee benefits	(12,861.77)	(1,018.52)	-	(13,880.29)
Carry forward losses	(43,694.48)	(1,251.38)	-	(44,945.86)
Other Ind AS adjustments	3,517.20	(3,955.42)	-	(438.22)
	(52,461.40)	(6,223.50)	(2,009.25)	(60,694.15)
Net tax (assets) / liabilities	(38,948.02)	(3,482.03)	(2,009.25)	(44,439.30)

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)

*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 cror

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 Consolidated Statement of Profit and Loss:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Lease income	6.73	2.64
Income relating to variable lease payments not dependent on index or rate	-	-

(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 capital structure is as follows:

Particulars	31 March 2022	31 March 2021
Total liabilities	3,08,241.61	2,87,630.58
Less: Cash and cash equivalents	3,015.69	4,535.57
Adjusted net debt (A)	3,05,225.92	2,83,095.01
Total equity (B)	(1,33,088.87)	(1,19,465.74)
Gearing Ratio (A/B)	(2.29)	(2.37)

40 Financial instruments by category

Particulars	31 March 2022			31 March 2021		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Trade receivables		-	7,703.05	-	-	7,302.39
Cash and cash equivalents	-		3,015.69	-	-	4,535.57
Other Financial assets	-	-	8,896.87			10,704.23
Total assets	-	-	19,615.61	-	-	22,542.19
Financial liabilities						
Borrowings	-	-	1,83,360.07		-	1,67,860.50
Trade payables	-	-	30,784.77		-	31,541.20
Other Financial liabilities	-	-	22,239.55	-	-	22,406.76
Total liabilities	-	-	2,36,384.39	-		2,21,808.46

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.

(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.
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.

(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 2022	31 March 2021
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)	196.89	186.62
Non- current financial assets		
(i) Other financial assets	56.58	56.58
	253.47	**243.20**

(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 (TANGEDCO only) 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 2022*	1,659.33	182.92	138.07	129.11	378.21	544.00	2,845.54
Gross carrying amount as at 31 March 2021*	2,920.11	232.71	79.77	69.53	165.50	421.59	1,621.18

*The Group is in the process of collating all the relevant data required to be disclosed in the financial statements as on 31 March 2022

*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.

(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 2022 and 31 March 2021:

Particulars	31 March 2022				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	-	1,29,430.76	-	-	-
Short term borrowings*	-	53,929.31	-	-	-
Trade payables*	-	30,784.77	-	-	-
Other financial liabilities*	-	22,239.55	-	-	-

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	-	22,406.76	-	-	-

*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 2022 and 31 March 2021 are as below:

Particulars	31 March 2022		31 March 2021	
	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores
Foreign currency liabilities				
In USD	22.39	1,702.03	12.23	897.74
In EURO	7.11	610.50	7.82	672.53
In JPY	3071.89	1932.83	3018.71	2003.22

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 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Transmission charges	3,225.85	2,895.04	-	-	3,225.85	2,895.04
Scheduling and system operating charges and other operating income	195.53	193.76	11.56	33.97	207.09	227.73
Total revenue from operations	3,421.38	3,088.80	11.56	33.97	3,432.94	3,122.77

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 2022		Year ended 31 March 2021	
	Current	Non-current	Current	Non-current
Trade receivables	7,703.05	-	7,302.39	-
Unbilled revenue	1,433.01	-	1,341.80	-
Advance from customers	445.37	-	218.83	-

44 Information in respect of micro and small enterprises as at 31 March 2022 as required by Schedule III of Companies Act, 2013 and Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	31 March 2022	31 March 2021
Principal amount remaining unpaid	104.87	76.43
Interest due thereon*	-	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. A CSR committee has been formed by the Group as per the Act. The funds were primarily utilized through the year on the activities specified in Schedule VII of the Companies Act, 2013:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(i) Amount required to be spent during the year	-	-
(ii) Amount spent during the year on		
(a) Construction/acquisition of any asset	-	-
(b) On purposes other than (a) above		
- Plantation of tree saplings at several villages	0.07	0.09
- Prevention of COVID-19	0.00	0.50
- Donation/ compensation paid to fishermen	3.00	0.00
- Construction of wall, approach road and pipe culvert	0.91	0.00
(iii) Shortfall at end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reason for shortfall	-	-
(vi) Nature of CSR activities	Village improvement, disaster relief and COVID-19 relief	
(vii) Details of related party transactions; e.g., contribution to a trust controlled by	-	-
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision.	-	-

(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

Thiru. Pankaj Kumar Bansal,I.A.S - Chairman cum Managing Director (from 08 June 2020 to 17 May 2021)
Thiru. Rajesh Lakhoni,I.A.S - Chairman cum Managing Director (from 17 May 2021 to Till date)

Directors

Tmty. M.A. Helen - Director (Distribution) (from 02 November 2015 to 05 August 2021)
Thiru. M.Sivalingarajan - Director (Distribution) (from 19 January 2022 to Till Date)
Thiru. R. Ethiraj - Director (Generation) (from 24 October 2019 to 05 August 2021)
Thiru.U.B.Eleni Director (Generation) (from 19 January 2022 to Till date)
Thiru. K. Sundaravadhanam - Director (Finance) (from 24 September 2018 to Till date)
Thiru. S. Shanmugam - Part time Director /TG (from 01 March 2016 to Till date)
Thiru. S. Krishnan, I.A.S ., Additional Chief Secretary to Govt (Finance Department) - Director (Ex-Officio) (from 01 July 2019 to 06 Noven
Thiru. Prashant M.Wadnere,I.A.S., Additional Chief Secretary to Govt (Finance Department) (from 27 December 2021 to Till date)
Thiru. S.K. Prabakar, I.A.S., Principal Secretary to Govt (Energy Department) - Director (Ex-Officio) (from 08 June 2020 to 26 May 2021)
Thiru. Dharmendra Pratap Yadav,I.A.S., Principal Secretary to Govt (Energy Department) (from 05 August 2021 to 06 November 2021)
Thiru. Ramesh Chand Meen.,I.A.S (Additional Secretary to Govt) Energy Department (from 06 November 2021 to Till date)
Tmty. V.Amudavalli, I.A.S., Additional Secretary to Govt (Industries Department) -Director (Ex-Officio) (from 23 September 2020 to 05 A
Thiru. Anil Meshram.,I.A.S (Industries Department) (from 05 August 2021 to Till date)

Company secretary

D. Suresh Kumar (from 20 July 2021 to 19 August 2021), (from 02.11.2021 to Till date)
Thiru. K.Sundaravadhanam (from 19 August 2021 to 1 November 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 2022	Year ended 31 March 2021
Short-term employee benefits	2.67	2.05
Post-employment defined benefit	-	-
Other long term benefits	-	0.29
Termination benefits	-	-
Sitting fees	-	-
	2.67	2.34

*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 2022	Year ended 31 March 2021
Tamilnadu Power Finance Corporation (TNPFC)	Loan Sanction, disburse and settlement	42,072.30	29,170.79
Poombukar Shipping Corporation (PSC)	Chartering of Ships, bunkering port handling charges of Coal Indigenous	289.67	289.67
		42,361.97	29,460.46

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

Name of the related party	Nature of relationship	31 March 2022	31 March 2021
S. Vineeth	Joint managing director	-	0.32
Pankaj kumar bansal	Chairman cum managing director	-	0.09
		-	0.41

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.

(in INR crores)

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 2022			31 March 2021		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment revenue						
External revenue (nature of revenue)	-	56,994.48	56,994.48	-	48,920.92	48,920.92
Revenues from transactions with other operating segments of the same entity (Inter-segment revenue)	15,541.17	-	15,541.17	9,228.16	-	9,228.16
Other income	122.51	100.91	223.42	79.21	5,115.27	5,194.48
Total segment revenue	**15,663.68**	**57,095.39**	**72,759.07**	**9,307.37**	**54,036.19**	**63,343.56**
Segment expense						
Cost of power purchase	-	39,365.23	39,365.23	-	38,459.76	38,459.76
Cost of power generation	7,352.44	523.10	7,875.54	5,564.76	1.61	5,566.37
Expenses from transactions with other operating segments of the same entity (Inter-segment expense)	-	15,541.17	15,541.17	-	9,228.16	9,228.16
Employee benefit expenses	733.96	4,305.68	5,039.64	925.79	3,387.47	4,313.26
Finance costs	3,770.36	7,152.89	10,923.25	4,306.54	6,586.42	10,892.96
Depreciation and amortization	1,662.97	2,147.21	3,810.18	1,741.43	2,135.49	3,876.92
Other expenses	894.21	485.27	1,379.48	776.63	340.87	1,117.50
Total segmental expense	**14,413.94**	**69,520.55**	**83,934.49**	**13,315.15**	**60,139.78**	**73,454.93**
Total segmental results	**1,249.74**	**(12,425.16)**	**(11,175.42)**	**(4,007.78)**	**(6,103.59)**	**(10,111.37)**
Add/(Less): Unallocable income/(expense) (net)*	-	-	1,534.19	-	-	(6,211.37)
Segment profit (loss) before income tax						
- Current tax	-	-	-	-	-	-
- Deferred tax	-	-	-	-	-	-
Profit after tax	**1,249.74**	**(12,425.16)**	**(9,641.23)**	**(4,007.78)**	**(6,103.59)**	**(16,322.74)**

(in INR crores)

Other Information

Particulars	31 March 2022			31 March 2021		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment assets	77,768.86	55,899.31	1,33,668.17	55,786.21	73,194.76	1,28,980.97
Unallocated corporate and other assets	-	-	41,537.24	-	-	39,183.87
Total assets	**77,768.86**	**55,899.31**	**1,75,205.41**	**55,786.21**	**73,194.76**	**1,68,164.84**
Segment liabilities	73,413.31	1,52,278.65	2,25,691.96	79,112.85	1,28,161.71	2,07,274.56
Unallocated corporate and other	-	-	82,602.32	-	-	80,356.02
Total liabilities	**73,413.31**	**1,52,278.65**	**3,08,294.28**	**79,112.85**	**1,28,161.71**	**2,87,630.58**

*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 40.12 crores (31 March 2021: gain credited to Consolidated Statement of Profit and Loss is INR 4.48 crores).

49 Disclosure as per Ind AS 23 'Borrowing Costs'

Borrowing costs capitalized during the year is INR 5733.25 crores (31 March 2021: INR 4,070.58 crores).

50 List of Subsidiaries

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest (in %	
		31 March 2022	31 March 2021
Tamil Nadu Generation and Distribution Corporation Lin	India	100	100
Tamil Nadu Transmission Corporation Limited	India	100	100
Udangudi Power Corporation Limited	India	100	100

51 Impact of COVID-19

Significant disruptions have taken place in India due to 2nd wave of COVID 19. 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 will continue to closely monitor any material changes to the future economic conditions.

(in INR crores)

52 Commitment and contingent liabilities

S.No.	Particulars	31 March 2022	31 March 2021
I	**Contingent liabilities**		
	Claims against the Group not acknowledged as debts in resp		
1	Income tax disputes	8.81	8.81
2	Excise duty, service tax and customs duty related disputes	43.95	43.95
3	Various government disputed dues related to state/ central department or authorities	1,588.15	975.56
4	Pending resolution of disputes with various suppliers and contractors	7,140.87	6,739.68
5	Other disputes including claims relating to employees/ ex-employees	49.92	49.92
	Total	8,831.70	7,817.92
II	**Commitments**		
1	Estimated amount of contracts remaining to be executed (including projects) on capital account and not provided for	20,599.72	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, 2020-21 and 2021-22 assessment is yet to be completed.

The Group during the FY 2021-22, is yet to file the GSTR-9 Annual Return for the FY 2021-22 for which the late fees will arise upon filing and for the FY 2018-19 there is an acknowledge 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 of Group 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. The Group is in the process of filing Advance ruling for clarifying the GST liability on O&M Charges.

(in INR crores)

52A Additional regulatory information

1 **Details of benami properties:** There are no benami properties held by the Group as on date of financials. Hence the additional disclosure as specified in the said notification Companies Act 2013 is not applicable to the Group.

2 **Willful Defaulter:** As on date of financials or any of the previous years, the Group has not defaulted any of its loans paid to any banks or financial institutions.

3 **Relationship with struck off companies:** There is no transaction with struck off Companies during year.

4 **Compliance with number of layers of companies:** Clause (87) of Sections 2, Section 450 read with sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 and Section 2 Companies (Restriction on number of layers) Rules, 2017, Government Companies are exempt from requirements of disclosing the number of layers of its holding in subsidiaries . Hence the additional disclosure as specified in the notification no.GSR 207(e) dated 24th March 2021 to Companies Act 2013 is not applicable to the Group.

5 **Details of Crypto Currency or Virtual Currency:** The Group has not traded or invested in crypto currency or virtual currency during the current financial year or any of the previous financial years.

53 Amount receivable from government towards determination of tariff

The Government of Tamil Nadu provided Tariff subsidy as compensation for supplying of power to certain categories of consumers at free of cost or subsidized rates. These subsidies are received in advance and any difference with actual consumption overestimate is recognised either as excess subsidy in current liabilities or receivables in current assets.

In the year 2021-22, the sanctioned subsidy is INR 8876.36 crores (INR 8269.73 crores for FY2020-21) and the entire subsidy has been received

The status of creation of regulatory assets, amortization, remaining regulatory assets, every year are tabulated below:

Tariff order	Opening balance	Addition including carrying cost during		Amortization	Closing balance
		True-up year	Amount		
Suo Moto no.9/ dated 11.12.2014	-	2010-11	5,166.00	1,033.00	4,133.00
T.P.No.1 of 2017/ dated 11.08.2017	4,133.00	2010-11 to 2015-16	34,464.38	28,164.68	10,432.70
Tariff order No 7 of 2022 dated 09.09.2022	10,432.70	2016-17	1,986.95	-	12,419.65
	12,419.65	2017-18	9,938.95	-	22,358.60
	22,358.60	2018-19	15,128.95	-	37,487.55
	37,487.55	2019-20	19,817.49	-	57,305.04
	57,305.04	2020-21	25,015.21	-	82,320.25

In the tariff order No. 7 dated 09.09.2022 the regulatory assets along with the carrying cost has been approved after the true up of FY 2016-17 to FY 2020-21

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 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 20 Crores to 50 Crores from April 2017 to October 2017 and 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 from 2018-19 onwards to 2021-22 only provision INR 1200 crores per annum was booked, (1200 X 4 = 4800 crores) no amount invested in the above-mentioned years. The interests realized in the Investment of TANGEDCO Pension Corpus fund are not reinvested.

The details of deposits made in TNPFC Ltd, rate of interest and interest received are tabulated below.

S.No.	Financial Year	Amount Deposited	Total Deposit	Add Cumulative Deposit interest	Cumulative Deposit including interest	Rate of Interest (%)	Interest received
1	2016-17	80.00	80.00	-	-	8.84	0.88
2	2017-18	1,250.88	1,330.88	-	-	8.84	53.88
3	2018-19	100.00	1,430.88	-	-	8.84	126.24
4	2019-20	-	1,430.88	-	-	8.84	125.61
5	2020-21	-	1,430.88	14.75	1,445.63	8.84 up to 24.08.2020 (146 days)	50.60
						8.24 up to 31.12.2020 (129 days)	44.90
						7.75 from 01.01.2021 (90 days)	27.34
						Total	122.84
6	2021-22	-	1,445.63	68.67	1,514.31	Cumulative Interest 7.75	23.88
						Cumulative Interest 8.00	44.79
						Non-Cumulative Interest 8.24	49.44
						Total	118.11

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 (in INR crores)
Thanjavur	Kumbakonam	1.27
Pudukottai	Thirumayam	1.96
Thiruvannamalai	Vandavasi	0.13
	Total	3.36

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 2021-22, the sanctioned subsidy is INR 8876.36 crores (INR 8269.73 crores) and the entire subsidy has been received.

The Provisional Subsidy approved by the Hon'ble TNERC for the FY 2021-22 was INR 8876.36 Crores (INR 8269.73 Crores for FY 2020-21). Hon'ble TNERC also approved Additional Subsidy receivable of INR 56.09 crores (net) for FY 2019-20 on Truing up. And after adding the additional subsidy, the net amount payable by GoTN during FY 2021-22 was INR 8932.45 crores. The order for Provisional Tariff Subsidy for FY 2021-22 has been issued by Hon'ble TNERC vide Order No.7 of 2021

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, 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. The recoveries of dues is under process.

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. (in INR crores)

Financial year	Adjustment against advance	Income earned as Interest on advance	Income arising out of Liquidated Damages
2017-18	319.8	-	235.36
2018-19	-	103.43	64.41
Total	319.8	103.43	299.77
Grand Total			Rs. 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 1882.03 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 1173.65 crores is acceptable. TANGEDCO has decided to prefer appeal at Hon'ble NCLAT, New Delhi.

60 The details of expenditure incurred due to upgradation / improvement works arising out of technological obsolescence of fixed assets use in respect of Thermal Station in 2021-22.

Sl. No	Station/Unit	Description	Amount Spent (in INR 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	0.87
2	TTPS	Supply erection 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.	14.24

61 During the financial year 1995-96, Coimbatore, Thanjavur Municipal Electrical Undertakings were taken over by the TNEB. The matter of compensation payable or otherwise is under correspondence. Similarly, the Madurai, Pollachi and Karur electrical undertakings were taken over by Tamil Nadu Electricity Board. The issue compensation of Pollachi and Coimbatore Electrical Undertakings was settled. Other Electrical Undertaking issues are under discussion.

A high level committee has been constituted by the Government to look into the issues between the Municipal Electrical Undertakings and the Tamil Nadu Electricity Board, so as to settle the issues amicably. The High Level Committee's period of operation is further extended 30.04.2018 by the G.O.(Rt) No. (Municipal

(in INR crores)

62 **Status of Joint Venture Companies:**

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.

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.

The 19th Board meeting of the company was held on 25.03.21 through VC. It had been insisted by TANGEDCO to windup the company and to share the assets of the company among the JV partners. It had been opined by the Odisha Mining Corporation that MoC may be requested once again to return the invoked Performance Security.

Meanwhile, no tangible progress is made in dissolution of dormant company. Hence CE/M/Mines again wrote a detailed letter to MD/MBCCL for expeditiously closure of the company. In response to the E Mail dated 24.02.2022, Company Secretaries of MBCCL, M/s Saroj Ray & Associates, Bhubaneshwar vide E-Mail sent to Shri. Kailash Sarangi, Project manager/OMC, and Director of MBBCCL with copy to CE/M/Mines intimating that MBCCL had not filed audited financial statements in Forms AOC-4 and annual returns Form MGT-7 for the FY 2012-13 to 2016-17 prior to the date (23.06.2017) of obtaining dormant status as seen from MCA
The Company Secretaries of MBCCL, M/s Saroj Ray & Associates, Bhubaneshwar, also suggested that before initiating action for dissolution of MBCCL, it is mandatory that all the backlog annual returns are to be filed with ROC and get MBCCL converted into "Active" status. The Company Secretaries further suggested to take immediate action to convene the next Board Meeting of MBCCL for approving the financial Statements for FY 2020-21 and other matters if any.

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 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.

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.

(in INR crores)

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 Crore to them. The proposal for release of INR 47.68 Crore 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.

In the 49th Board Meeting of MTCL held on 12/10/2021, the Board had issued directives to obtain legal opinions from the Advocate Generals of Maharashtra and Tamil Nadu regarding the adequacy of the "Deed of Settlement-cum-Indemnity Bond" furnished by MMTEL to safeguard MTCL/MSMCL/TANGEDCO against any subsequent claims by MMTEL and need for incorporating any modification/suggestion in the undertaking and subsequently release the payment to MMTEL. Accordingly, the legal opinions from the respective offices of Advocate Generals of Maharashtra and Tamil Nadu had been received. The Learned AG/ TN opined that the MTCL and MMTEL had given their consent for appointing Justice A.B. Chaudhari (Retd.) to conduct the consent arbitration proceedings in Nagpur as per the Clause 32.2 of the CMSA. Arbitration award was delivered on 26.03.2022 and awarded as " MTCL shall pay the amount of INR 47,68,36,778/- (Forty-Seven Crores Sixty-Eight Lakhs Thirty-Six Thousand Seven Hundred and Seventy-Eight Only) to MMTEL within a period of one week".

INR 47,68,36,778/- (Forty-Seven Crores Sixty-Eight Lakhs Thirty-Six Thousand Seven Hundred and Seventy-Eight Only) was paid to MMTEL through RTGS on 05.04.2022.

iii. Jayamkondam Lignite Power Proje

The Jayamkondam Lignite mining and Power Project as a joint venture (JV) among NLC and TANGEDCO by TIDCO as project proponent could not be materialised due to the range of issues such as technical, financial, land acquisition, sale of power etc., and various other constraints and impediments encountered in the past 28 years of the conceptual stage itself and in the meantime the concept has been shifted to Methanol production by mining of lignite in lieu of original concept of power generation. This revised proposal evolved by TIDCO is understood to be with the Government for approval. As this new proposal is no longer for power generation, the TANGEDCO, being only a facilitator has no task to be performed in the future and committed no investment in Jayamkondam Lignite Power Project so far". Government of Tamil Nadu shelved the project.

(in INR crores)

iv. Cheyyur Ultra Mega Power Project (4000MW)

The total project costs INR 25,970 crores. This is a project being developed by Government of India with private sector participation through Power Finance Corporation. Tamil Nadu will get 1600 MW power from the project as its share. Environmental clearance has been received for the project on 30.09.2013. Land acquisition for port and plant completed for entire patta land to an extent of 623 acres and possession has been taken by CTNPL (Special Purpose Vehicle).

As most of the utilities have opted out the project, it has been proposed for closure by PFCCL with MOP. Recommendation of TANGEDCO on closure of project communicated to GOTN on 21.3.2020. Based on TANGEDCO's recommendation, GOTN has decided the closure of Cheyyur UMPP vide G.O.No.36dt.19.05.2022. In the above G.O, TANGEDCO has directed to take over the land from CTNPL on payment of land cost and then transfer the land to Govt. sipcot land bank. Payment of land is in process.

63 Development and Production of Coal Block

I. Chandrabila Coal block:

(a) 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.

(b) Additional area for dumping overburden:

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 appointed by MoC had recommended 0.98 sq.km additional area for dumping overburden against the 12 sq.km requested by TANGEDCO.

In the review meeting held on 14.12.2021, the Joint Secretary/MoC had enquired Central Mine Planning and Design Institute Limited (CMPDIL) about the revised map and boundary co-ordinates of the additional area of Chandrabila coal block.

TANGEDCO had requested MoC and CMPDIL to send the copy of the revised map and boundary co-ordinates of Chandrabila coal (The adequacy of the additional area will be known only after the preparation of Mine Plan).

(c) Clearance for Prospecting in forest area:

Total area of the Coal Block: 9.32 sq.km.
Non-forest area: 5.68 sq.km (fully explored)
Forest area: 3.64 sq.km. (Yet to be explored)

The development of the Chandrabila coal block allotted to TANGEDCO has been adversely affected due to non-issuance of clearance to explore in the forest area of the block by the Ministry of Environment and Forest & Climate Change (MoEF & CC).

Clearance for prospecting in forest area of the block has been denied by the Regional Empowered Committee of MoEF & CC, though Odisha State Govt. had recommended for giving clearance. The reason given by the REC is that the dense forest area is close to the Simlipal- Satakosia Tiger Corridor and it will disturb the lush green forest which is adjacent to the area sought for prospecting. The Forest Advisory Committee of MoEF & CC had observed that the Simlipal-Satkosia Tiger corridor is situated at about 7.29 km away from the block boundary.

TANGEDCO had requested MoEF & CC/New Delhi to arrange to place the proposal for prospecting in forest area I before REC for reconsideration of the earlier decision and issuance of clearance for prospecting in the forest area of Chandrabila coal block. MoEF & CC/ New Delhi has requested the Integrated Regional Office of MoEF & CC at Bhubaneswar for specific comments and recommendations in this regard. TANGEDCO had also requested the Integrated Regional Office of the MoEF & CC to reconsider the earlier decision of REC to deny clearance for prospecting in the forest area of the block.

The Deputy Inspector General of Forests (DIGF) (Central)/IRO/REC/MoEF & CC, Bhubaneswar vide letter dt.23.02.2022 has requested TANGEDCO to inform under what changed circumstances the proposal is submitted for reconsideration.

(d) MDO

Tender:

TANGEDCO has floated tender for selection of Mine Developer and Operator for the development of the Chandrabila Coal Block during 2019 including liasioning for obtaining forest clearance and exploration in forest area. Only one offer has been received and the tender has been lodged. The tender was again floated during 2020 for selection of Mine Developer and Operator with certain changes to attract more bidders. The tender has been lodged since no offer was received.

(e) Showcause notice:

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.

The MoC had issued a show cause notice again on 08.07.2021, directing to show causes as to why the Performance Security (Bank Guarantee for INR 56,26,83,372/-) provided by TANGEDCO not be appropriated, along with reasons of delay in development of coal block as per the schedule of the Coal Block Development and Production Agreement. A detailed reply dt. 19.07.2021 for the above, explaining the reasons beyond the control of TANGEDCO that had obstructed the development of the block and requesting MoC not to appropriate the Performance Security, had been sent.

(f) Development of non-forest area:

(in INR crores)

TANGEDCO propose to develop the non-forest area initially and simultaneously pursue with forest area if clearance for prospecting in forest area is accorded by REC/MoEF & CC.

TANGEDCO vide letter dt.24.03.2022 has requested the Ministry of Coal to approve the proposal for mining in the non-forest area and to provide the boundary co-ordinates of non-forest area for demarcation and preparation of Mine Plan etc., for non-forest area.

To ascertain the feasibility study including financial impact, it is proposed to engage a consultant immediately to carryout feasibility

II. Mandakini -B coal:

Meanwhile, no tangible progress is made in dissolution of dormant company. Hence CE/M/Mines again wrote a detailed letter to MD/MBCCL for expeditiously closure of the company. In response to the E Mail dated 24.02.2022, Company Secretaries of MBCCL, M/s Saroj Ray & Associates, Bhubaneshwar vide E-Mail sent to Shri. Kailash Sarangi, Project manager/OMC, and Director of MBBCCL with copy to CE/M/Mines intimating that MBCCL had not filed audited financial statements in Forms AOC -4 and annual returns Form MGT-7 for the FY 2012-13 to 2016-17 prior to the date (23.06.2017) of obtaining dormant status as seen from MCA website. He also intimated that it is not possible to file for the backlog financial years because MBCCL is in Dormant state. These Returns/Forms can only be filed by paying additional filing fees to MCA after the status of the company is converted into "Active" status. After completing the above statutory compliances and making the company status as "Active", the action could be initiated for the Voluntary Liquidation of MBCCL u/s 59 of Insolvency & Bankruptcy Code (IBC) 2016.

The Company Secretaries of MBCCL, M/s Saroj Ray & Associates, Bhubaneshwar, also suggested that before initiating action for dissolution of MBCCL, it is mandatory that all the backlog annual returns are to be filed with ROC and get MBCCL converted into "Active" status. The Company Secretaries further suggested to take immediate action to convene the next Board Meeting of MBCCL for approving the financial Statements for FY 2020-21 and other matters if any. The 20th Meeting of the Board of Directors of Mandakini-B Coal Corporation Limited (MBCCL) is scheduled to be held on 5th May 2022 at 3.30 PM through Virtual Mode.

64 Vivad Se Vishwas Scheme 2020 (VSV)

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). The department has issued order in Form-5 towards full and final settlement of the disputes for TANGEDCO from AY 2011-12 to 2014-15 and for erstwhile TNEB from AY 2005-06 to 2011-12 (except AY 2006-07).

The status of other pending appeals for erstwhile TNEB and TANGEDCO's various Income Tax Returns are furnished in the

a) Erstwhile Tamil Nadu Electricity board (TNEB):

Assessment year	Disallowance of Expenditure	Assessment Status
2006-07 [u/s.143(3)]	11.39	Hon'ble ITAT/Chennai dismissed the appeal vide order dt.28.02.2022. TANGEDCO had preferred an appeal before the Hon'ble High Court of Madras on 05.07.2022
2006-07 [u/s.263]	617.83	Appeals filed against the CIT/ Appeals order dt. 06.08.2018 is pending before the Hon'ble Income Tax Appellate Tribunal/Chennai

b) TANGEDCO :

Assessment Year	Disallowance	Assessment Status
2015-16 (u/s. 143(3))	1,891.88	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.
2015-16 (u/s. 147)	191.69	TANGEDCO has appealed before the CIT/Appeals/NFAC against the Assessment order dt.30.03.2022.
2016-17 (u/s. 143 (3))	2,281.40	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.
2016-17 (u/s. 263)	901.74	TANGEDCO has appealed before the CIT/Appeals/NFAC against the Assessment order dt.29.03.2022.
2017-18	3,324.44	TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.30.12.2019. Faceless hearing is under progress.
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
2021-22	-	ITR filed but Scrutiny yet to be started

A sum of INR 32.02 crores (from Assessment Year 2000-2001 to Assessment year 2021-22) is pending to be received as Income Tax refund from Income Tax Department and being followed up closely.

65 Ujwal DISCOM Assurance Yojana (UDAY):

MoU under UDAY has been signed amongst GoI,GoTN and TANGEDCO o

i. As per UDAY scheme GoTN agreed to taken over the losses of the Company in the graded manner. the details of loss taken over by GoTN are as follows:

Loss funding details by GoTN

Financial year	Actual receipt	Sanctioned vide GO.No.
2016-17	217.43	Go. (Ms) No. 25 Energy
2017-18	776.08	Go. (Ms) No. 68 Energy
2018-19	3,155.85	Go. (Ms) No. 14 Energy
2019-20	5,982.47	Go. (Ms) No. 14 Energy (C2) Dept.
2020-21	6,342.94	Go. (Ms) No. 06 Energy
	16,474.77	

ii. UDAY scheme prevailed for the period from 2016 and 2021and thus taking over of loss

iii. Upto FY 2021 22, GoTN has converted the entire loan amount of INR 22,815 crore as gra

iv. The balance loans of INR 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. To mobilize the DISCOM bonds on standalone basis, e-tender Spec No. TANGEDCO CRA/2017-18 was launched on 23.01.2018 inviting bids for 'Credit rating' the DISCOM bonds and opened the tender on 29.01.2018 and same was closed. As directed in the 76th board meeting of TANGEDCO held on 31.01.2018, CRISIL was appointed as rating agency on nomination basis to assign credit rating for UDAY bonds. Further, due to COVID-19 pandemic, the rating process has been slowed down and steps are being taken to intitate to issue the UDAY bonds.

66 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.

67 The merger of UPCL with TANGEDCO is under progress and pending with Honourable High Court / Madras and thus, the fair valuation of land recognized in UPCL was not incorporated in the Fixed Assets Register (FAR) of TANGEDCO. The project is under WIP and allocation of expenditure under WIP land heads will be converted into fixed assets at the time of commissioning of the power project. The classification of Equity investment in the UPCL Joint venture (which is under amalgamation) of Rs.65 crores and other financial assets of Rs.31.50 crores reclassified appropriately.

68 High level committee to review the variations in coal stock between physical stores record and quantity arrived as per physical verifiction in North Chennai Thermal Power Station - 1 has been formed by the company and based on the committee report, suitable action will be taken to resolve the issue.

(in INR crores)

69 As no concrete lease agreement executed between TANGEDCO and VOC port trust, there is no recognition of lease liability. However, Rs. 158.02 crores towards lease rent has been shown as contingent liability.

70 The difference amount between the audited report on the Co-generation mills and the balance available in the books of accounts of TANGEDCO is under reconciliation which will be sorted out at the earliest.

71 From FY 2021-22 onwards, as TANGEDCO implemented SAP-ERP in a phased manner, efforts are being arranged to reconcile the differences between payroll software of ERP and as per the books of accounts.

72 As a company policy, the recovery of dues towards embezzlements / thefts are fixed with the concerned staff in charge and suitable proceedings are being taken.

73 The frauds, misappropriation, embezzlements, etc pending cases as on 31.03.2022 is Rs.20.63 crores.

74 The value of scrap, obsolete and non-moving and sick transformer materials as on 31.03.2022 is Rs.53.88 crores.

75 **Funds Advanced/Loaned/Investor**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.

76 Legal cases :- Appeal filed before Hon'ble APTEL against the Order of the Hon'ble TNERC in T.A.No.1 of 2021 dated 29.06.2021 for waiver of Open Access Charges during the lock down period.

77 Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.

For and on behalf of the Board of Directors

J. Radhakrishnan
(Chairman cum Managing Director)

K. Malarvizhi
(Director/Finance)

K. R. Srividhya
(Chief Financial Controller/General)

D. Suresh Kumar
Company Secretary

As per our report of even date

For S. RAM & CO
Chartered Accountants
Firm No. 0002841S
UDIN:25022020BMKZXP1515

S. Ramalingam FCA
Partner
M. No. 022020

S. RAM & Co. CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date :12.05.2025