



TAMIL NADU TRANSMISSION CORPORATION LIMITED

**10th ANNUAL REPORT
2018-19**

Regd. office: NPKRR MAALIGAI (TNEB Office), No.144, Anna Salai, Chennai-600002.

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TAMILNADU TRANSMISSION CORPORATION LIMITED
10th Annual Report for the period of 2018-19
CORPORATE DETAILS

BOARD OF DIRECTORS*		
Sl.No.	NAME OF THE DIRECTOR	DESIGNATION
1.	Thiru VIKRAM KAPUR, I.A.S.,	Chairman/TANTRANSKO & Addl. Chief Secretary to Government, GOTN
2.	Thiru P N SRIDHAR, I.A.S.,	Joint Managing Director
3.	Thiru S. SHANMUGAM, B.E.	Managing Director
4.	Thiru. T. SENTHILVELAN, B.E.	Director/Transmission Projects
5.	Tmy.M.MAHESWARI BAI, B.Com., ACMA.	Director/ Finance/ TANTRANSKO
6.	Tmy. A. AXILIUM JAYAMARY, B.E.(Hons),M.E.,M.I.E.	Director/Operation
7.	Tmt. M. A. HELEN, M.E.	Part Time Director, TANTRANSKO
8.	Thiru CHANDRASEKAR, B.E.	Part time Director, TANTRANSKO
9.	Thiru. K.SHANMUGAM, I.A.S.	Additional Chief Secretary to Government, Finance Department. Ex-officio Director, TANGEDCO, TANTRANSKO & TNEB Ltd.
10.	Thiru. Md NASIMUDIN, I.A.S.	Principal Secretary to Govt., Energy Department, Ex-officio Director, TANGEDCO, TANTRANSKO & TNEB Ltd.
11.	Thiru V. ARUN ROY, I.A.S.	Special Secretary to Govt., Industries Department.

COMPANY SECRETARY Thiru D. SURESHKUMAR	STATUTORY AUDITORS M/s. V. Narayanan & Co. Chartered Accountants
REGISTERED OFFICE	
NPKRR MAALIGAI, (TNEB COMPLEX), No. 144, Anna Salai, Chennai – 600 002. Website : www.tantransco.gov.in (CIN No. U40109TN2009SGC071948)	

*As on 31.03.2019

DIRECTORS' REPORT

Dear Members,

The Board of Directors of Tamil Nadu Transmission Corporation Limited (TANTRANSCO) have immense pleasure in presenting its 10th Annual Report for the Financial Year 2018-19.

2.0 FORMATION OF TANTRANSCO

The company was formed with restructuring of erstwhile Tamil Nadu Electricity Board, and as a subsidiary of TNEB Limited a company owned by the Government of Tamil Nadu. Tamil Nadu Generation and Distribution Corporation (TANGEDCO) is another subsidiary of TNEB Limited.

3.0 TRANSFER SCHEME

The Government of Tamil Nadu has approved the amendment to provisional transfer scheme (G.O. Ms. No. 100 dated 19.10.2010) 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. The Government of Tamil Nadu notified the Final transfer of assets and liabilities to the company vide G.O. (Ms) No.49 (Energy (B1) Department), dated 13.08.2015. The opening balances of assets and liabilities notified in the final transfer scheme have already been incorporated in the Annual Report for the FY 2015-16.

4.0 TRANSFER OF EMPLOYEES

4.1 At present all the employees of the erstwhile TNEB are considered as the employees of TANGEDCO. Those employees working in the Transmission Corporation are considered to be on deputation from TANGEDCO to TANTRANSCO. All the employees are asked to continue to work on as – is – where is basis.

4.2 The information under Section 217 (2A) of Companies Act, 1956 read with Company (Particulars of Employees) Rules, 1976 may be taken as Nil.

5.0 FINANCIAL PERFORMANCE

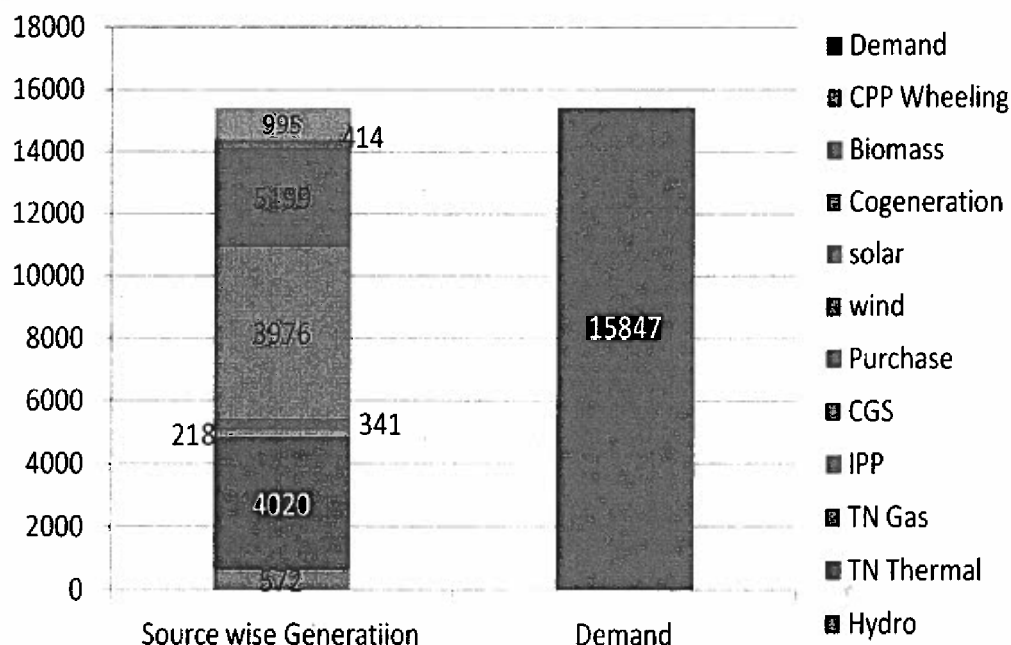
5.1 In the 1st AGM of TANTRANSCO held on 07.12.2010, the authorized share capital of the Company was increased to Rs.2500 Crores (250 Crores Equity Shares of Rs.10 each). Subsequently, the authorized share capital of the company was increased to Rs. 5000 Crores (500 Crores Equity shares of Rs.10 each) and to Rs. 10000 Crores (1000 Crores Equity shares of Rs.10 each) in the 3rd AGM and 6th AGM of the company held on 27.09.2012 and 29.12.2015 respectively.

FINANCIAL RESULTS

	Rs. In Lakhs	Rs. In Lakhs
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
INCOME		
Revenue from Operations	3,08,544.40	2,70,494.38
Other Income	13,918.44	7,690.32
Total Revenue	3,22,462.84	2,78,184.70
EXPENSES		
Employee Benefit Expenses	1,44,002.37	1,09,103.69
Finance Costs	1,26,156.16	1,21,711.10
Depreciation (<i>Net</i>)	89,776.68	75,228.89
Other Expenses	27,771.50	26,937.49
Total Expenses	3,87,706.71	3,32,981.17
PROFIT BEFORE PRIOR PERIOD, EXTRAORDINARY, EXCEPTIONAL ITEMS AND TAXATION	(65,243.87)	(54,796.47)
a) Net prior period expenses/(Income)	(2,262.93)	(5,683.08)
b) Extraordinary charges	510.28	83.81
c) Exceptional Item	-	4,17,417.00
PROFIT BEFORE TAXATION	(63,491.23)	(4,66,614.19)

6. State of Company's Affairs and Future Outlook

Maximum Demand on 11 /03/2019 – Category wise Generation



6.1 Overview of Journey till March 2019.

We have built and own 1009 number of substation as on 31st March 2019. Each new substation is being added not only to cater the demand but to give reliable & quality power on 24 x 7 basis along with stability of network as well as reducing the losses. With the addition of each new substation, one can understand the growth of transmission utility commensurate with additional generation capacity matching with demand.

Sl.No.	Voltage Class	Substations Commissioned during 2018-19(Nos.)	Substations as on 31.3.2019 (Nos.)	EHV Network during 2018-19 (Ckm)	EHV Network as on 31.3.2019 (Ckm)
1	66 kV	-2	3	-200.000	683.000
2	110kV	19	876	517.696	19225.501
3	230 kV	4	104	422.043	10326.444
4	400 kV	2*	26**	9.822	4040.756
	TOTAL	23	1009	949.561	34275.701

*1 No.-PGCIL and 1 No.-TANTRANSCO

**11 Nos.-PGCIL and 15 Nos. TANTRANSCO

Similarly TANTRANSCO owns a vast network of EHV transmission lines ranging from 66 KV to 400 KV. As on March 2019 there are 34275.701 Ckm of transmission lines running across the State.

Transmission loss

Transmission Loss		
Sl.No.	Year	Loss in %
1	11/10 – 3/11	4.56
2	2011-12	4.25
3	2012-13	4.15
4	2013-14	4.09
5	2014-15	4.09
6	2015-16	4.11
7	2016-17	4.08
8	2017-18	4.02
9	2018-19	3.97

6.2 Major initiatives by TANTRANSCO

- Among all State Transmission utilities in India, TANTRANSCO is the first utility to erect a 765 KV transmission network.
- Selvapuram 230/110 kV substation in Coimbatore district is proposed as digital Substation by adopting digital technology in the communication network between C&R Panels and yard equipments. By this arrangement, the time taken for rectification fault is reduced and supply can be restored early. Further, Karuppur and Thiruvannmiyur are also proposed as Digital Substations. Works are under progress for these Substations.
- The natural disasters such as flood and cyclone cause extensive damages to transmission networks resulting in wide spread disruption of many important transmission links and substations affecting power supply for long periods due to the time taken in restoration. In order to reduce the time taken in restoration Transmission network, it is proposed to purchase 2 sets of Emergency Restoration System (ERS) suitable up to 765 kV at a cost of Rs.30 Crores. Tender floated with due date of opening on

6.3 State Grid Operations

State Load Dispatch Centre (SLDC)

The state load dispatch centre is the Apex body to ensure integrated operation of the power system in the State.

Functions of State Load Dispatch Centre are as under:

- (a) Responsible for optimum scheduling and dispatch of electricity within a State, in accordance with the contracts entered into with the licensees or the generating companies operating in that State;
- (b) Grid operations; Monitoring
- (c) Keep accounts of the quantity of electricity transmitted through the State grid;
- (d) Exercise supervision and control over the intra-State transmission system; and
- (e) Responsible for carrying out real time operations for grid control and dispatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

SLDC is carrying out real time operation such as monitoring & control of grid parameters, outages, contingency management & disturbance handling in coordination with SRLDC and Intra-state generation companies, transmission licensees, distribution utilities and open access users so as to ensure healthiness of the state grid and ensure economical power transmission to the State of Tamil Nadu. Final Notification has been made by Hon'ble TNERC for implementing Intra state ABT mechanism on 1.03.2019. Issuing Energy Injection reports for Renewable Energy Certification to Renewable Energy Generators in the State. SLDC is nodal agency for Short Term Open Access approval for Tamil Nadu.

6.4 Highlights for the FY 2018-19 are as under:

i. Maximum State Demand Catered was 15,847 MW reached on 11.03.2019.

ii. System frequency

Frequency Profile for 2018-19:

Percentage of time when frequency was between

- i) 49.70 Hz to 49.90 Hz 11.77%
- ii) 49.90 Hz to 50.05 Hz 75.81%
- iii) 50.05 Hz to 50.20 Hz 12.42%
- iv) Average frequency for the year 49.97 Hz

iii. Energy demand catered

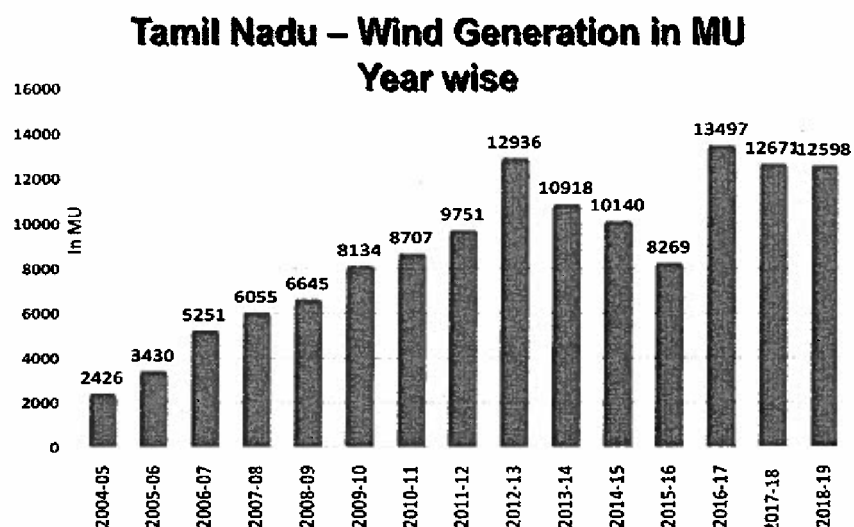
Details	Achieved	Date
Consumption	355.733 MU	27.4.2018
Demand	15847 MW	11.3.2019
Wind Energy	107.317 MU	19.7.2018
Wind Generation	4971 MW	19.7.2018
Solar Energy	13.599 MU	22.2.2019
Solar Generation	2046 MW	23.2.2019
Chennai Consumption	58.987 MU	30.5.2018
Chennai Demand	3537 MW	05.6.2018

6.5 Generation capacity as on 31.03.2019

Generator	Installed capacity in MW
TN Hydro	2315
TN Thermal	4320
TN Gas	516
TN IPP	746
CGS Thermal	4515
CGS Nuclear	1709
Purchase	3030
CPP	986
Wind	8468
Solar	2725
Cogen	721
Biomass	266
Total	30317

6.6 Renewable Energy Generation:-

Tamil Nadu – Wind and Solar Generation in MU Year wise



Solar Power Plant at Kamudhi:

With a generating capacity of 648 MW at a single location, the exciting thing is, this solar power plant consists of 25 lakh solar modules and 27000 metres of structures and also consist of 576 inverters and 154 transformers and almost 7500 km of cables.

6.7 Demand Forecasting:

- At present the day ahead Demand Forecasting is done based on the past historical data.
- The grid demand is managed by the dispatch schedule to the generating stations as per the day ahead generation availability.
- Present day consumption in MU of the State includes the Auxiliary consumption of Generators in the Tamilnadu control area and the Transmission losses
- TANGEDCO has to provide the Demand for Region wise after deducting the respective losses in block wise.

7.0 Open Access & Grid connectivity related Activities for the year 2018-19

	STOA granted during 2018-19		
A	Intra/Inter State STOA (Excluding Power Exchange)	MW	Applications
	STOA Intra	11566 MW (Max 970 per month)	7891
	STOA Inter	21 MW (Max per month)	54
B	Inter State STOA through Power Exchange		
	IEX	143 MW average	1946
	PXIL		
C	Energy Transaction through STOA		
	Year 2018-19	8173 M.U	----
D	Open Access		
1	Long Term Open Access	--	--
2	MTOA	215 MW	106

8.0 HRD Initiatives:-

There is a Human Resource Development wing common for TANGEDCO and TANTRANSCO. The HRD is imparting training to various level of Engineers / Officers (Class-I & II) of TANGEDCO/TANTRANSCO through the following 4 Training Institutes viz Staff Training College/Chennai, Transmission & Distribution Training and Development Institute & Research Centre/ Madurai, Thermal Training Institute & Research Centre/North Chennai and Hydro Training Institute & Research Centre/Kuthirakalmedu. The training is imparted to all Staff (Class III & IV) through the following 10 Technical Training & Development Centres viz., Korattur, Tiruvannamalai, Vellore, Pasumalai, Virudhunagar, Tiruneveli, Trichy,

Thanjavur, Mettur & Coimbatore located at different parts of the state. Also a Cable Jointing Training & Development Centre, Chennai providing hands on practical training on Cable Jointing & End termination to the Engineers/Staff of TANGEDCO/TANTRANSCO.

8.1 Training & Development programmes conducted during 2018-19

Sl.No	Name of the Institute/Center	No of Programmes	Number of Engineers/Staff trained		Amount spent for training in Rs.
			Engineers	Staff	
1	Staff Training College, Chennai	59	227	85	345718
2	T&D, T&DI and RC Madurai	13	120	Nil	137700
3	TT&DC/Korattur	21	Nil	103	49589
4	TT&DC/Thiruvannamalai	18	Nil	127	90429
5	TT&DC/Vellore	35	Nil	100	72766
6	TT&DC/Trichy	36	Nil	22	16578
7	TT&DC/Thanjavur	3	31	37	54774
8	TT&DC/Virudhunagar	5	Nil	55	38254
9	TT&DC/Tirunelveli	7	Nil	120	43400
10	TT&DC/Pasumalai	40	27	63	76068
11	TT&DC/Mettur	3	Nil	76	61820
12	TT&DC/Coimbatore	21	Nil	135	90550
13	CJT&DC	30	9	3	15706
	Total	291	414	926	Rs.10,93,352

In addition to the above, Officers/Staff were deputed for Hot Line training Programmes (exclusively for TANTRANSCO) at National Power Training Institute, Hot Line Training Center, Bangalore and are detailed below.

Sl.No.	Name of the Training Programme	Duration	No.of Participants (Officers/Staff)	Amount in Rupees spent for training
1	11 weeks training in Live Line Maintenance Techniques (106th Batch) using Hot Stick Method (HSM) up to 220 KV lines	11weeks	5Nos	10,18,640
2	One week Training programme on "Punctured Insulation Detection (PID)"	1 weeks	1 Nos	28,140
3	11 weeks training in Live Line Maintenance Techniques (107th Batch) using Hot Stick Method (HSM) up to 220 KV lines	11 weeks	2 Nos	4,07,456
4	Five weeks training programme on "Live Line Maintenance Techniques upto 400 kV lines using Bare hand techniques"	5 weeks	20 Nos	32,31,600
5	Four weeks "Switch yard Maintenance training Programme using Live Line Maintenance Techniques	4 weeks	8 Nos	10,77,536
6	11 Weeks Training on "Live line Maintenance Techniques using Hot Stick Method (HSM) up to 220 KV Lines"	11 weeks	12 nos	26,00,496
	Total			83,63,868

9 Directors / Key Managerial Personnel and Meetings

9.0 Directors

Sl No	NAME	DESIGNATION	Date of Appointment	Date of Cession
1	Thiru. VIKRAM KAPUR, I.A.S.,	Chairman & Additional Chief Secretary to Government, GoTN	13.3.2018	---
2	Thiru. K.SHANMUGAM, I.A.S.	Addl. Secretary to Govt., Finance Department, Ex-officio Director/TANGEDCO, TANTRANSCO & TNEB Ltd.	19.05.2010	---
3	Thiru. MD NASIMUDIN, I.A.S.	Principal Secretary to Govt., Energy Department, Ex-officio Director/ TANGEDCO, TANTRANSCO & TNEB Ltd.	27.08.2018	---
4	a) Thiru M.S.SHANMUGAM, I.A.S.	Nominee Director Addl. Secretary to Govt., Industries Department, Ex-officio Director, TANTRANSCO.	5.11.2015	27.08.2018
	b) V. ARUN ROY, I.A.S.	Nominee Director/TANTRANSCO	27.08.2018	
5	Thiru. P.N. SRIDHAR, I.A.S.	Joint Managing Director	26.07.2018	---
6	Thiru S. SHANMUGAM, B.E.,	Managing Director	01.03.2016	---
7	Thiru. T. SENTHILVELAN, B.E.	Director / Transmission Projects	30.11.2015	---
8	Tmy.M.MAHESWARI BAI, B.Com., ACMA.	Director / Finance	29.02.2016	---
9	Tmy. A. AXILIUM JAYAMARY, B.E. (Hons), M.E., M.I.E.,	Director/Operation	30.11.2015	31.03.2019
10	Tmt. M. A. HELEN, M.E.	Part time Director/ TANTRANSCO, Director / Distribution, TANGEDCO	1.12.2016	---
11	a) Thiru. T. VELMURUGAN, B.E.	Part time Director/ TANTRANSCO, Director / Generation, TANGEDCO	21.9.2016	31.08.2018
	b) Thiru CHANDRASEKAR, B.E.	Part time Director/TANTRANSCO	03.01.2019	

9.1 Key Managerial Personnel

During the Financial year 2018-19, the following are the Key Managerial Personnel of the company as per the provisions of the companies Act 2013.

Name	Designation	Date of Appoint	Date of Cessation
Shri Vikram Kapur I.A.S.,	Chairman	13/03/2018 (Assumed charge)	
Shri P N Sridhar I.A.S.	Joint Managing Director	26.07.2018	
Er.S.Shanmugam,B.E.,	Managing Director	01/03/2016	-
Er.T.Senthilvelan ,B.E.,	Director /Transmission Project.	30/11/2015	
Er. A. Axilium Jayamary, B.E(Hons), M.E, M.I.E	Director /Operation	30/11/2015	31.03.2019
Tmy.M.Maheswari Bai, B.Com.;ACMA	Director /Finance	29/02/2016	-
Tmy.M.A. Helen, M.E.	Part time Director/ TANTRANSCO	01.12.2016	-
Thiru.N. Mahendiran, B.Com., A.C.A.	Chief Financial Controller	25/09/2018	-
Thiru D.Sureshkumar, B.Com.,ACMA.,ACS	Company Secretary	19/10/2016	-

9.2 Meetings

(i) Board Meetings

During the financial year under review, nine Board Meetings were held on the following dates:

S No.	Number of Board Meeting	Date of Board Meeting
1	81 st Board Meeting	30-04-2018
2	82 nd Board Meeting	21-06.2018
3	83 rd Board Meeting	26-07-2018
4	84 th Board Meeting	25-09-2018
5	85 th Board Meeting	26-10-2018
6	86 th Board Meeting	03-01-2019
7	87 th Board Meeting	28-02-2019
8	88 th Board Meeting	29-03-2019

(ii) Board Meeting attendance of directors during the Financial Year 2018-19

Sl No	Name of the Directors.		No of BM held	
			Held	Attended
1	Thiru Vikram Kapur I.A.S.,	Chairman	8	8
2	Thiru. K. Shanmugam I.A.S.,	Ex-officio Director	8	8
3	Thiru. Md Nasimudin I.A.S.	Ex-officio Director	5	4
4	Thiru M S Shanmugam I.A.S.,	Ex-officio Director	3	2
5	Thiru V. Arun Roy I.A.S.	Ex-officio Director	5	2
6	Thiru .S. Shanmugam, B.E.,	Managing Director	8	7
7	Tmt. A. Axilium Jayamary, BE (Hons), ME, MIE	Director	8	8
8	Thiru. T. Senthilvelan, B.E.,	Director	8	7
9	Tmt. M. Maheswari Bai, BCom., ACMA.,	Director	8	8
10	Thiru. T. Velmurugan, B.E.,	Part-Time Director	3	2
11	Tmt. M.A. Helen, B.E.,	Part-Time Director	8	8
12	Thiru. P N Sridhar I.A.S.,	Joint Managing Director	4	4
13	Thiru. Chandrasekar B.E	Part-Time Director	3	2

(iii) Annual General Meeting 2018-2019

	Name of the Directors Attended	
9 th Annual General Meeting held on 29-03-2019	Thiru Vikram Kapur I.A.S., Thiru. K. Shanmugam I.A.S., Thiru .S. Shanmugam Thiru. M Chandrasekar Thiru. T. Senthilvelan Tmt. M. Maheswari Bai Tmt. A. Axilium Jayamary M/s. TNEB Ltd	Present Present Present Leave of Absence Leave of Absence Present Present Present

9.3 Committee of the Board of Directors

The company has the following committees & details of the Committee Members are given below.

Audit committee

The Audit committee was reconstituted pursuant to provision of Section 177 of the companies Act 2013. The composition of Audit committee as on the 31.3.2019 is as under.

Sl No	Name of the Directors.	
1	Thiru VIKRAM KAPUR, I.A.S.	Chairman
2	Thiru K. SHANMUGAM, I.A.S.	Member
3	Thiru Md Nasimudin, I.A.S.	Member
4	Thiru V. Arun Roy, I.A.S.	Member

Audit Committee Meeting

During the financial year 2018-19, five (5) Audit Committee Meetings were held on the following dates:

Sl. No.	Number of ACM	Date of ACM
1	24 th Audit Committee Meeting	26.07.2018
2	25 th Audit Committee Meeting	25.09.2018
3	26 th Audit Committee Meeting	26.10.2018
4	27 th Audit Committee Meeting	03.01.2019
5	28 th Audit Committee Meeting	29.03.2019

Attendance of the Audit Committee Meeting – Members attended during the F Y 2018-19

Sl No	Name of the Directors.		No of AM held	
			in his tenure	Attended
1	Thiru. VIKRAM KAPUR I.A.S.	Chairman	5	5
2	Thiru. K. SHANMUGAM I.A.S.	Member	5	5
3	Thiru Md Nasimudin, I.A.S.	Member	4	3
4	Thiru. M .S. SHANMUGAM I.A.S.	Member	1	1
5	Thiru V. Arun Roy, I.A.S.	Member	4	2

The scope & terms of reference of the Audit Committee is in Accordance with the Act. During the year under review, the Board of Directors of the company had accepted all the recommendations of the Audit Committee.

10. STATUTORY AUDITORS:

The C & AG of India have appointed M/s. V. Narayanan & Co., Chartered Accountants., Chennai as Statutory Auditors for auditing the Accounts of TANTRANSCO for the Financial Year 2018-19.

11. COST AUDITOR:

The Govt. of India, Ministry of Corporate Affairs Cost Audit Branch, New Delhi in exercise of the power conferred u/s.148 of the Companies Act 2013, issued Cost Audit orders to audit the Cost Accounting records and books of Accounts maintained by the company. Accordingly, the Board of Directors appointed Thiru. C.T.Sridhar, Cost and Management Accountant as the Cost Auditor for the financial year 2018-19 which has been approved by the Ministry of Corporate Affairs Cost Audit Branch, New Delhi

12. SECRETARIAL AUDITOR:

The Board of TANTRANSCO has appointed Thiru S. Dhandapani, practising Company Secretary as Secretarial Auditor of Tamil Nadu Transmission Corporation Ltd. to conduct the Secretarial Audit for the financial year 2018-19 in compliance with the provisions of Section 204(1) of the Companies Act, 2013.

13. CONSERVATION OF ENERGY: TECHNOLOGY ABSORPTION: AND FOREIGN EXCHANGE EARNINGS & OUTGO:

13.1 Since the company is not engaged in any of the activities indicated in Schedule-A of the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, the details in this regard are to be taken as NIL.

13.2 The company is constantly working towards strengthening of the Transmission system so as to improve the reliability and quality of power and to further reduce the transmission losses.

13.3 The foreign exchange earnings and the outgo during the FY 2018-19 is Nil.

14 Directors' responsibility statement :

In accordance with Section 134(3) (c) of the Companies Act, 2013, the Directors of the Company hereby state that:

- I. The Financial statements have been prepared on accrual basis of accounting under historical cost convention and in accordance with the generally accepted accounting principles in India. As per Notification of Ministry of Corporate Affairs dated 16th February 2015, Ind AS is applicable to the Company. The Company has proposed to adopt Ind AS standards on completion of detailed analysis of financial implications of adopting the Ind AS standards. From the Financial year 2017-18, the Company has implemented the provisions of the Companies Act, 2013 by preparing and presenting the financial statements in accordance with the requirements of Schedule III of Companies Act, 2013. The financial statements up to the year ended 31st March 2017 were prepared in accordance with the ESAAR (Electricity Supply Annual Accounts Rules 1985).
- II. The Directors had selected such accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or 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 statutory provisions, 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.

ACKNOWLEDGEMENTS

The Board of Directors would like to place on record its appreciation for all the support and guidance extended by the Government of Tamil Nadu, Government of India, Tamil Nadu Electricity Regulatory Commission, TNEB Limited, TANGEDCO and other agencies such as Government Treasury, CEA, PFC, REC, NABARD, CERC, Commercial Banks and other Financial Institutions, Ministry of Corporate Affairs, Registrar of Companies and the General Public for their co-operation and active support to TANTRANSCO, in our endeavour to serve them. The Board of Directors would also like to place on record its appreciation for the dedicated and committed service rendered by the employees of the Corporation.

Place : Chennai
Date : 22.11.2019

Sd/-
Vikram Kapur
Chairman

\



INDIAN AUDIT AND ACCOUNTS DEPARTMENT
O/o the Accountant General
(Audit-II, TN & PY), Tamil Nadu,
Branch Office, 3rd Floor Western Wing,
Tamil Nadu Electricity Board
144, Anna Salai, Chennai - 600 002
Ph.044-28522257 - E mail: rao@tnebnat.org

No. AG(Audit)-II, TN&PY/BO-TNEB/DB/TANTRANSCOAcc18-19/20-21/40, Dt: 11/02/2020

To
The Chairman cum Managing Director,
Tamil Transmission Corporation Limited,
144, Anna Salai,
Chennai - 600 002.

Sir,

Sub: Comments of the C&AG of India u/s 143(6)(b) of the
Companies Act, 2013 on the accounts of Tamil Nadu
Transmission Corporation Ltd for the year ended 31st March,
2019 - reg.

The comments of the Comptroller and Auditor General of India under section
143(6)(b) of the Companies Act, 2013 on the accounts of Tamil Nadu Transmission
Corporation Ltd., for the year ended 31st March, 2019 are forwarded herewith.

A copy of the minutes of Annual General Meeting in which comments of
Comptroller and Auditor General of India are placed may please be sent to this office
early. Six copies of printed Annual Reports as and when they are ready may also be
forwarded to this office.

Yours faithfully,

Encl: As stated,

Deepa 11/02/2020
Senior Deputy Accountant General/AMG-I

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF TAMIL NADU TRANSMISSION CORPORATION
LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of financial statements of Tamil Nadu Transmission Corporation Limited, Chennai for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is 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 Audit Report dated 22 November 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of Tamil Nadu Transmission Corporation Limited, Chennai for the year ended 31 March 2019. 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. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) 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. Notes forming part of the Financial Statements

Significant Accounting Policies

Para 2.7: Depreciation

Until 2017-18, the Company had been charging depreciation on the additions to the fixed assets only from the year subsequent to the year in which the asset was put to use. However, despite disclosing the change in the depreciation policy i.e. depreciation on the assets added during the year is charged on a pro rata basis from the date of being put to use, the Company has not disclosed the financial impact of the change in the method of depreciation in the financial statement, as required in the Indian Accounting Standard – I on 'Presentation of Financial Statements'.

B. Balance Sheet

1. Equity and Liabilities

(a) Note 8: Long term provisions – ₹424.30 crore

Employee benefit provisions - ₹424.30 crore

(i) The closing balance of General Provident Fund a/c as per the consolidated broadsheet of all the Circles as on 31.03.2019 was ₹12.05 crore whereas the same was exhibited as ₹10.76 crore in the accounts. This needs reconciliation and correct figure shown in the accounts.

(ii) The closing balance of Contribution Pension Scheme (CPS) as per the consolidated broadsheet of all the Circles, as on 31.03.2019 was ₹ 6.73 crore. Whereas, the above head of account was exhibited as ₹ 6.38 crore. This needs reconciliation and correct figure shown in the accounts.

(b) Note 10: Trade Payables- ₹19,393.67 crore

Sundry Creditors for Goods and Services - ₹10.88 crore

This represents the Bay Maintenance charges payable by the Company to M/s. PGCIL from time to time. But it did not include part payments of ₹2.14 crore made to M/s. PGCIL upto 2017-18 on various dates which was not adjusted against the outstanding amount. Thus, the above head of account and the loss is overstated by ₹2.14 crore.

(c) Note 11: Other Current Liabilities - ₹2,835.79 crore

Consumer's contribution for capital works in progress – ₹262.21 crore

This includes ₹2.35 crore of revenue received (September 2014) from Highways Department for supervision of conversion of 110 KV overhead line between Coimbatore and Pappanaickenpalayam Sub-station and commissioned in December 2016. As the work was executed by Highways Department at its cost, the capitalized value of the asset is zero and therefore the receipt towards supervision charges should have been taken as revenue. This has resulted in overstatement of liabilities (Deposit for DCW) and understatement of prior period income by ₹2.35 crore.

2. Assets – Non Current Assets

(a) Note 13: Property, Plant and Equipment

Net Block – ₹30,350.50 crore

The above head of account is understated with corresponding understatement of inter unit a/c (Madurai GCC) by ₹587.15 crore due to non-accounting of the capital works completed prior to 31st March 2019. Consequently, depreciation for the year and loss of the Company are also understated by ₹15.45 crore (calculated @ 5.28% p.a.).

(b) Note 14: Capital Work in Progress – ₹8,692.84 crore

(i) This includes a sum of ₹14.12 crore being the value of works completed prior to 31 March 2019, but not capitalized during 2018-19. This has resulted in overstatement of capital works in progress and understatement of fixed assets by ₹14.12 crore. As a result, the loss of the Company and depreciation is understated by ₹56.89 lakh (Prior Period – ₹32.56 lakh and Current year – ₹24.33 lakh)

(ii) This does not include a sum of ₹59.78 crore, being the value of capital works executed and certified prior to 31 March 2019. This has resulted in understatement of the above head of account and Liabilities by ₹59.78 crore.

(iii) This does not include cost of consultancy services engaged by TANTRANSCO (Invoice dt.07.02.2017) amounting to ₹3.23 crore towards execution of 2 Nos. 765 KV/ GIS Bays along with line reactors at Tiruvalum Substation. Non accounting of the above has resulted in understatement of the above head and Liabilities by the same amount.

(c) Note 15: - Long term loans and Advances- ₹34.90 crore

Capital Advances – ₹28.17 crore

This includes ₹21.93 crore, being 10% payment made to PGCIL for execution of bay extension work Tiruvalum Substation. As the work is under progress, the expenditure has to be accounted under capital work in progress. This has resulted in overstatement of above by ₹21.93 crore and understatement Capital Work in Progress by the same extent.

3. Assets – Current Assets

Note 17: Trade Receivables – ₹8,276.84 crore

(i) This does not include ₹16.71 crore, being the scheduling charges receivable for the month of March 2019 from Power System Operation Corporation. Resultantly, the above head of account and Revenue from Operations account are understated by ₹16.71 crore with consequent overstatement of loss by the same extent.

(ii) As against the receivable amount of ₹1.20 crore towards 'deviation charges', an amount of ₹4.13 crore has been shown as 'receivables'. This has not been reconciled.

(iii) The 'transformer charges receivable' has been exhibited as (-) ₹0.73 crore as against the receivable amount ₹2.47 crore. Hence, the above head of account and 'Revenue from Operation' account is understated by ₹3.20 crore with consequent overstatement of loss by ₹3.20 crore.

C. Statement of Profit and Loss for the year ended 31st March 2019.

1. Income

Note 21: Revenue from Operation – ₹3,085.44 crore

Transmission Charges - ₹2,804.38 crore

There is no accounting policy of the company with regard to treatment of losses on account of natural disaster like cyclone and also the treatment of amount received from the Government/TANGEDCO on account of compensation for the restitution work of transmission lines.

An amount of ₹18.50 crore has been transferred by TANGEDCO to TANTRANSCO to meet the expenditure towards damage of transmission and distribution lines. However, ₹13.50 crore has been taken as liability towards TANGEDCO but an amount of ₹5 crore received separately was taken as an income by TANTRANSCO instead of treating the same as liability also. This has resulted in overstatement of above head and understatement of Amount owing to TANGEDCO (A/c. 46.691) to the extent of ₹5 crore and consequent understatement of loss by the same extent.

2. Expenses

(a) Note 13: Depreciation – ₹897.77 crore

This does not include ₹3.43 crore, being the depreciation not provided on fixed assets commissioned prior to 01.04.2018 in respect of two Units of TANTRANSCO. This has

resulted in understatement of the above head and overstatement of Net Block to the extent of ₹3.43 crore. Consequently, the loss of the Company is also understated by the like amount.

(b) Note 25: Other Expenses – ₹ 277.72 crore

Legal and consultancy charges – ₹3.18 crore

This does not include ₹4.92 crore, being the charges payable towards consultancy services (O & M of 230 KV and 400 KV bays at various substations) provided by M/s. Power Grid Corporation of India Limited (PGCIL) to TANTRANSCO during 2018-19 and invoices received before 31st March 2019. This has resulted in understatement of the above head as well as Sundry creditors for goods and services under Trade Payables (Note 10) with consequent understatement of loss by ₹4.92 crore.

(c) Note 26: Net prior period expenses/(income) - ₹ (-) 22.62 crore

Excess provision for interest – prior period – ₹7.02 crore

This includes the difference in interest amount of ₹6.87 crore which arose due to reduction of interest rate for the period 01.01.2018 to 31.03.2018 passed by M/s. REC. Hence, the above is overstated and current year income (Other Income-Note 22)) is understated by ₹6.87 crore.

D. Net Impact of Comments

The net impact of the above comments is that the losses are understated by ₹ 4.97 crore. If this is taken in to account, the reported loss (before tax) for the year of ₹ 634.91 crore would increase to ₹639.88 crore.

For and on the behalf of the
Comptroller & Auditor General of India


11.08.2020
Accountant General

Place: Chennai.

Date: 11.08.2020

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

SL.NO.	AG COMMENTS	MANAGEMENT REPLY
A.	A. Notes forming part of the Financial Statements Significant Accounting Policies Note- 2.7: Depreciation Until 2017-18, the Company had been charging depreciation on the additions to the fixed assets only from the year subsequent to the year in which the asset was put to use. However, despite disclosing the change in the depreciation policy i.e. depreciation on the assets added during the year is charged on a pro rata basis from the date of being put to use, the Corporation has not disclosed the financial impact of the change in the method of depreciation in the financial statement, as required in the Indian Accounting Standard - I on 'Presentation of Financial Statements'.	Audit observation is noted for future adherence.
B.1.a)	B. Balance Sheet 1. Equity and Liabilities (a) Note 8: Long term provisions - ₹424.30 crore Employee benefit provisions - ₹424.30 crore (i) The closing balance of General Provident Fund a/c as per the consolidated broadsheet of all the Circles as on 31.03.2019 was ₹12.05 crore whereas the same was exhibited as ₹10.76 crore in the accounts. This needs reconciliation and correct figure shown in the accounts. (ii) The closing balance of Contribution Pension Scheme (CPS) as per the consolidated broadsheet of all the Circles, as on 31.03.2019 was ₹ 6.73 crore. Whereas, the above head of account was exhibited as ₹ 6.38 crore. This needs reconciliation and correct	Reconciliation of CPS and GPF Broadsheet with accounts will be completed and accounted in 2019-20.

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

	figure shown in the accounts.	
b)	(b) Note 10: Trade Payables- ₹19,393.67 crore Sundry Creditors for Goods and Services - ₹10.88 crore This represents the Bay Maintenance charges payable by the Company to M/s. PGCIL from time to time. But it did not include part payments of ₹2.14 crore made to M/s. PGCIL upto 2017-18 on various dates which was not adjusted against the outstanding amount. Thus, the above head of account and the loss is overstated by ₹2.14 crore.	This will be reconciled with demand from Revenue Division and collection particulars from bank a/c and necessary rectification will be made during the year 2019-2020.
c)	(c) Note 11: Other Current Liabilities - ₹2,835.79 crore Consumer's contribution for capital works in progress - ₹262.21 crore This includes ₹2.35 crore of revenue received (September 2014) from Highways Department for supervision of conversion of 110 KV overhead line between Coimbatore and Pappanaickenpalayam Sub-station and commissioned in December 2016. As the work was executed by Highways Department at its cost, the capitalized value of the asset is zero and therefore the receipt towards supervision charges should have been taken as revenue. This has resulted in overstatement of liabilities (Deposit for DCW) and understatement of prior period income by ₹2.35 crore.	The proposed journal is as follows: 47.601 Dr. Rs. 23512084 To 65.800 Cr. Rs. 23512084 (Highways department has done this work by themselves). This will be verified and accounted properly in 2019-20.

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

2.	Assets – Non Current Assets (a) Note 13: Property, Plant and Equipment Net Block – ₹30,350.50 crore The above head of account is understated with corresponding understatement of inter unit a/c (Madurai GCC) by ₹587.15 crore due to non-accounting of the capital works completed prior to 31st March 2019. Consequently, depreciation for the year and loss of the Company are also understated by ₹15.45 crore (calculated @ 5.28% p.a.).	The proposed journal for 2018-19 is as follows. <table><tr><td>10.401</td><td>39.65 lakhs</td></tr><tr><td>10.501</td><td>109.66 lakhs</td></tr><tr><td>10.601</td><td>437.84 lakhs</td></tr></table> To <table><tr><td>32.610</td><td>587.15 lakhs</td></tr></table> Depreciation on the above will be accounted during FY 2019-20 as follows: (83.000Dr. to 12.000 cr. Rs. 15.45 lakhs)	10.401	39.65 lakhs	10.501	109.66 lakhs	10.601	437.84 lakhs	32.610	587.15 lakhs
10.401	39.65 lakhs									
10.501	109.66 lakhs									
10.601	437.84 lakhs									
32.610	587.15 lakhs									
(b)	(b) Note 14: Capital Work in Progress – ₹8,692.84 crore (i) This includes a sum of ₹14.12 crore being the value of works completed prior to 31 March 2019, but not capitalized during 2018-19. This has resulted in overstatement of capital works in progress and understatement of fixed assets by ₹14.12 crore. As a result, the loss of the Company and depreciation is understated by ₹56.89 lakh (Prior Period – ₹32.56 lakh and Current year – ₹24.33 lakh)	<table><tr><td>GCC/CBE</td><td>Rs.80459541</td></tr><tr><td></td><td>Rs.35521607</td></tr><tr><td></td><td>(32.654 Dr. to 14.000 Cr.)</td></tr></table> Operations/CBE Rs. 4957800 (10.542 Dr. to 32.000 Cr.) Operations/CBE Rs. 11615752 (10.000 Dr. to 14.586 Cr.) Operations/T'veli Rs. 78.03 lakhs (10.000 Dr. to 18.000 Cr.) This will be accounted properly in 2019-2020 Depreciation on the above will be accounted during FY 2019-20 as follows: (83.000Dr. to 12.000 cr. Rs. 56.89 lakhs)	GCC/CBE	Rs.80459541		Rs.35521607		(32.654 Dr. to 14.000 Cr.)		
GCC/CBE	Rs.80459541									
	Rs.35521607									
	(32.654 Dr. to 14.000 Cr.)									
(ii)	(ii) This does not include a sum of ₹59.78 crore, being the value of capital works executed and certified prior to 31 March 2019. This has resulted in understatement of the above head of account and Liabilities by ₹59.78 crore.	<table><tr><td>GCC/CBE</td><td>Rs. 56380087</td></tr><tr><td></td><td>(14.000 Dr. to 42.150 cr.)</td></tr></table> OP/Tiruvalam Rs.32266126 (14.625 Dr. to 25.500 cr.) This will be accounted in 2019-2020 The balance amount of Rs. 509096027 has already been accounted in GCC/Trichy during FY 2018-19	GCC/CBE	Rs. 56380087		(14.000 Dr. to 42.150 cr.)				
GCC/CBE	Rs. 56380087									
	(14.000 Dr. to 42.150 cr.)									

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

iii)	(iii) This does not include cost of consultancy services engaged by TANTRANSCO(Invoice dt.07.02.2017) amounting to ₹3.23 crore towards execution of 2 Nos. 765 KV/ GIS Bays along with line reactors at Tiruvalum Substation. Non accounting of the above has resulted in understatement of the above head and Liabilities by the same amount.	OP/Tiruvalam Rs.32266126 (14.625 Dr. to 25.500 cr.) This will be accounted in 2019-2020
c)	Note 15: - Long term loans and Advances- ₹34.90 crore Capital Advances - ₹28.17 crore This includes ₹21.93 crore, being 10% payment made to PGCIL for execution of bay extension work Tiruvalum Substation. As the work is under progress, the expenditure has to be accounted under capital work in progress. This has resulted in overstatement of above by ₹21.93 crore and understatement Capital Work in Progress by the same extent.	OP/Tiruvalam Rs.219597141 (14.625 Dr. to 25.500 cr.) This will be accounted in 2019-2020
3	Assets - Current Assets Note 17: Trade Receivables - ₹8,276.84 crore (i) This does not include ₹16.71 crore, being the scheduling charges receivable for the month of March 2019 from Power System Operation Corporation. Resultantly, the above head of account and Revenue from Operations account are understated by ₹16.71 crore with consequent overstatement of loss by the same extent.	This will be reconciled with demand from Revenue Division and collection particulars from bank a/c and necessary rectification will be made during the year 2019-2020 .
(ii)	(ii) As against the receivable amount of ₹1.20 crore towards 'deviation charges', an amount of ₹4.13 crore has been shown as 'receivables'. This has not been reconciled.	This will be reconciled with demand from Revenue Division and collection particulars from bank a/c and necessary rectification will be made during the year 2019-2020.

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

(iii)	(iii) The 'transformer charges receivable' has been exhibited as (-) ₹0.73 crore as against the receivable amount ₹2.47 crore. Hence, the above head of account and 'Revenue from Operation' account is understated by ₹3.20 crore with consequent overstatement of loss by ₹3.20 crore.	This will be reconciled with demand from Revenue Division and collection particulars from bank a/c and necessary rectification will be made during the year 2019-2020
C.	Statement of Profit and Loss for the year ended 31st March 2019. 1. Income Note 21: Revenue from Operation - ₹3,085.44 crore Transmission Charges - ₹2,804.38 crore There is not accounting policy of the company with regard to treatment of losses on account of natural disaster like cyclone and also the treatment of amount received from the Government/TANGEDCO on account of compensation for the restitution work of transmission lines. An amount of ₹18.50 crore has been transferred by TANGEDCO to TANTRANSCO to meet the expenditure towards damage of transmission and distribution lines. However, ₹13.50 crore has been taken as liability towards TANGEDCO but an amount of ₹5 crore received separately was taken as an income by TANTRANSCO instead of treating the same as liability also. This has resulted in overstatement of above head and understatement of Amount owing to TANGEDCO (A/c. 46.691) to the extent of ₹5 crore and consequent understatement of loss by the same extent.	HQ/Cash compilation Rs. 50000000 (83.000 Dr. to 46.691 cr.) This will be accounted in 2019-2020
2	Expenses (a) Note 13: Depreciation - ₹897.77 crore This does not include ₹3.43 crore, being the depreciation not provided on	Operation/CBE Rs. 34325650 (83.600 Dr. to 12.000 cr.) This will be accounted in 2019-2020

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2018-19 and Balance Sheet as on 31.3.2019 and Management reply thereon.

	fixed assets commissioned prior to 01.04.2018 in respect of two Units of TANTRANSCO. This has resulted in understatement of the above head and overstatement of Net Block to the extent of ₹3.43 crore. Consequently, the loss of the Company is also understated by the like amount.	
(b)	(b)Note 25: Other Expenses - ₹ 277.72 crore Legal and consultancy charges - ₹3.18 crore This does not include ₹4.92 crore, being the charges payable towards consultancy services (O & M of 230 KV and 400 KV bays at various substations) provided by M/s. Power Grid Corporation of India Limited (PGCIL) to TANTRANSCO during 2018-19 and invoices received before 31st March 2019. This has resulted in understatement of the above head as well as Sundry creditors for goods and services under Trade Payables (Note 10) with consequent understatement of loss by ₹4.92 crore.	HQ/Central Paymenet Rs. 4,91,70,199 (83.600 Dr. to 46.430 cr.) This will be accounted in 2019-2020
©	(c) Note 26: Net prior period expenses/(income) -₹ (-) 22.62 crore Excess provision for interest - prior period - ₹7.02 crore This includes the difference in interest amount of ₹6.87 crore which arose due to reduction of interest rate for the period 01.01.2018 to 31.03.2018 passed by M/s. REC. Hence, the above is overstated and current year income (Other Income-Note 22)) is understated by ₹6.87 crore.	The audit observation is Noted for future Guidance.

V.NARAYANAN & CO

Chartered Accountants

No.23, SIR C.V. Raman Road, Alwarpet, Chennai – 600 018.
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Independent Auditor's Report

To

The Members of

M/s. TAMILNADU TRANSMISSION CORPORATION LIMITED

Report on the Audit of Financial Statements

Adverse Opinion

1. We were engaged to audit the accompanying standalone financial statements of **M/s Tamilnadu Transmission Corporation Limited** (the Company), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as "financial statements")
2. In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the aforesaid financial statements do not give the information required by the Companies Act, 2013 ('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 including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2015 (as amended), of the state of affairs of the Company as at 31 March 2019, and its loss and its cash flows for the year ended on that date.

Basis for Adverse Opinion

3. Attention is drawn to note 2.1 of the Financial Statements where the Company has not complied the provisions of Companies (Indian Accounting Standards (IND AS)) Rules 2015 ("CASR 2015"), which stipulated mandatory adoption and applicability of Indian Accounting Standards ("IND AS"). The Company has not prepared the financial statements in accordance with the Ind AS, as prescribed under Section 133 of the Company Act, 2013.
4. Attention is drawn to note 2.9 of the Financial Statements where in the absence of a detailed fixed asset register and a physical verification process, we are unable to assess the existence, valuation and rights/ obligation of the Company's Property, plant and equipment and Capital Work in progress as at the year ended 31st March 2019.
5. Attention is drawn to note 28.8 of the Financial Statements wherein the company is in the process of reconciling the balance with its co-subsiary company namely TANGEDCO . In addition, the Company is yet to reconcile its inter-unit balances amounting to Rs. 13530.85 lakhs grouped under short term Loans and Advances. The financials does not contain the impact, if any, that could arise on account on completion of the said reconciliation.
6. Consumer's contribution for capital projects amounting to Rs. 123,919.46 lakhs disclosed as Other Long-term liabilities. The cost of these capital projects is included under Capital work in progress and Property, Plant and equipment. The company is yet to identify all completed projects to adjust the liability against property, plant and equipment and transfer the balance of any to revenue. Pending completion of the said process, Other long-term

Other offices:

- (1) 64, 17D Cross, Indira Nagar, IInd stage, Bangalore – 39. Fax/Tel: 25200146
- (2) No. 11, 2nd Cross, Sundar Nagar, Trichy – 620 021. Phone: 0431- 4974214.

V.NARAYANAN & CO

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liabilities and Property, Plant and equipment are overstated with a corresponding impact on revenue recognized during the year.

7. Attention is drawn to note 28.19, where the employee benefits expense relating to gratuity liability are accounted on cash basis and no provision is made in the books of accounts based on actuary valuation for gratuity liability of its employees. In the absence of the said valuation, we are unable to assess the impact on the Company's employee cost and liabilities during the current year ended as at 31st March 2019.
8. 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 Auditor's Report Thereon

9. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

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

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

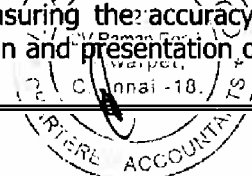
If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibility of Management for the Financial Statements

12. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and 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

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financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

13. 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.

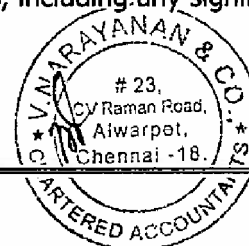
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 adequate internal financial controls system 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 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 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.

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Chartered Accountants

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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.

Other matter

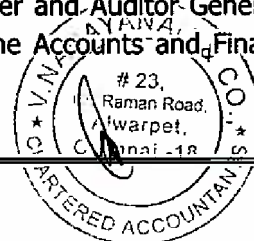
The financial statements of the Company for the year ended 31 March 18 were audited by the predecessor auditor, M/s B Thiagarajan & Co, who have expressed a qualified opinion on those financial statements vide their audit report dated 26.10.2018.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) we have sought and except for the possible effects of the matters described in the Basis for Adverse Opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) except for the effects considering the possible effects of the matters described in the Basis for Adverse Opinion paragraph, 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements do not comply with the Ind AS specified under Section 133 of the Act as per our comments in the Basis for Adverse Opinion paragraph;
 - 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 serial 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) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 22.11.2019 as per Annexure B expressed modified;
 - g) As required by Section 143(5) of the Act, we have provided in "Annexure C", the directions/sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the Accounts and Financial Statements of the company.

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- h) With respect to the other matters to be included in the Auditor's Report in accordance with 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:
- The company has disclosed the impact of pending litigations on its financial position in its financial statement.
 - The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - Transfer of any amount to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder is not applicable to the company during the period under review

Place: Chennai
Date: 22.11.2019

For V.Narayanan & Co
Chartered Accountants

Firm Regn.No.0002398S



N:Venkateswaran
Partner
M No.202320

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph 43 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the Company for the year ended 31st March, 2019)

On the basis of checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The Government of Tamil Nadu has issued the G.O. for the Final Transfer Scheme with certain amendments vide G.O.(Ms.) No. 49, dated 13.8.2015. The Annual accounts of TANTRANSCO has been prepared duly incorporating the opening Balance as per the Final Transfer Scheme.
(b) The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(c) In respect of the title deeds of immovable properties of the Company, we are unable to comment on the accuracy of the same, since there are no registers or records in support of the Land belonging to the company and that the land purchased in substantial cases by the Company are registered in the name of TANGEDCO /TNEB and not in the name of TANTRANSCO in many cases, we are unable to comment on the accuracy of the same.
2. The reconciliation between value of inventories as per stock registers and accounts are not carried out. Also in our opinion systems and procedures in the maintenance of stores ledger/records and their valuation needs strengthening.
3. We are informed that there is no Company, firm or party to be listed in the register referred to in section 189 of Companies Act, 2013 and hence we have no comments to offer in this respect.
4. The Company has not directly or indirectly advanced loan to the persons covered under Section 185 of the Act or given guarantees or securities in connection with the loan taken by such persons. The Company has not made any investments or given any loan or any guarantee or security in connection with the loan to any person or body corporate covered under Section 186 of the Act during the year and has complied with the provisions of Section 186 of the Act, in respect of investments, loans, guarantee or security outstanding at the year end.
5. The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to deposits accepted from public are not applicable.
6. Pursuant to the rules made by the Central Government for maintenance of cost records under Sec 148(1) of the Companies Act 2013, we are of the opinion that prima facie the prescribed accounts and records have not been maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts and records, the company has been

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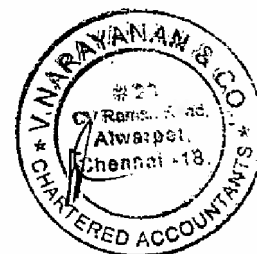
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generally regular in depositing undisputed statutory dues to Employee State Insurance, Employee Pension Scheme, Customs duty, Sales Tax, Income tax, Provident Fund contribution, Service tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there is no undisputed demands in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.

- (b) According to the information and explanations given to us, there are no disputed demands in respect of Income tax, Service tax, Customs duty, Sales Tax, and other material statutory dues, as applicable, that have not been deposited with the relevant statutory authority as at 31st March, 2019.

8. The Company has taken loans from financial institutions, and from the government as given below, and the Company has not issued any debentures.

<i>Rs. In Lakhs</i>	
Financial Institution/Agency	Amount
Rural Electrification Corporation Ltd (REC)	170,131
Power Finance Corporation Ltd (PFC)	260,054
National Bank for Agriculture and Rural Development (NABARD)	206
Japan International Coordination Agency (JICA)	17,681
KFW	15,524
PTC Financial Service	50,000
TOTAL	513,596



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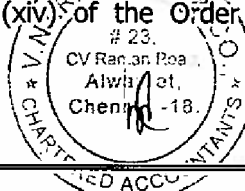
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The above amount of loan from KFW and JICA does not include the additional liability arising out of foreign exchange loss or gain to the tune of 2,061 Lakhs and 1,988 Lakhs respectively which are reinstated to Rs. 13,463 Lakhs and Rs. 19,668 Lakhs respectively.

In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions *except in respect of the default with respect to repayment of interest dues of the following Loans:*

		<i>Rs. In Lakhs</i>
Financial Institution/Agency	Year of due	Amount of Interest due
JICA (payment of interest due to State Government)	2018-19	872
KFW (payment of interest due to State Government)	2018-19	680
TNEB bonds - Interest	2017-18	17
- Redemption	2018-19	165
- Interest		27
Total		1,761

9. Based on information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. According to the information and explanations given to us the loans were utilized for the purpose for which the loans were obtained.
10. Based upon the audit procedures performed and to the extent of the information and explanations given by the management, we are unable to comment if any fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. In our opinion, the provisions of section 197 read with Schedule V to the Companies Act regarding the managerial remuneration are not applicable.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, compliance with section 177 of the Companies Act, 2013 are not applicable to the Company. Based on the information and explanations given to us, in the absence of adequate records as mentioned in our note 28.8, we are unable to comment if all transactions with the related parties are in compliance with section 188 of Companies Act, 2013.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.



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15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For V.Narayanan & Co
Chartered Accountants
Firm Regn.No.0002398S


N.Venkateswaran
Partner
M No.202320

Place: Chennai
Date: 22.11.2019

Other offices:

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

(Referred to paragraph 45(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

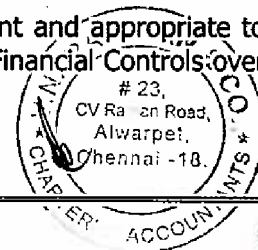
1. We have audited the internal financial controls over financial reporting of **M/s TAMIL NADU TRANSMISSION CORPORATION LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

2. 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. These responsibilities include the design, implementation and maintenance of adequate 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 Companies Act, 2013.

Auditor's Responsibility:

3. 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 Control over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Sec 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 efficiently in all material aspects.
4. Our audit involves procedures to obtain audit evidence about adequacy of the internal financial controls systems 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 judgment including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
5. 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.



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Meaning of Internal Financial Controls over Financial Reporting:

6. A company's Internal Financial Controls over Financial Reporting is a process designed to provide a 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 Controls over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 the authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely deduction of unauthorized 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:

7. Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material mismanagements due to error or fraud may occur and not be deducted. 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 Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

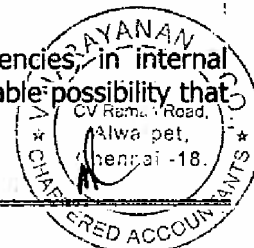
Basis for Adverse Opinion:

8. 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 2019:
- Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.
 - The Company does not have an internal audit system commensurate with the nature and size of its operations.
 - The Company's internal control system with regard to its Property, Plant and equipment is deficient in areas of capitalisation, physical verification and consequent impairment.
 - Lack of integrated process between various functions such as revenue invoicing, payroll processing and material accounting for which material internal controls weaknesses were identified.
 - Refer our note no. 5, in our Basis of Adverse Section, where timely inter-company and inter-unit reconciliation process is not available.
 - 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.

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

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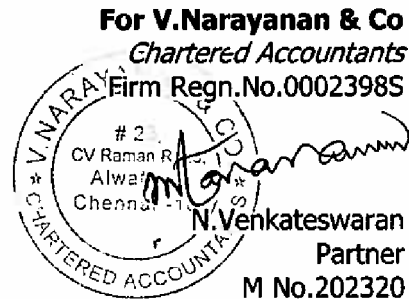
a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31 March 2019, 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.

9. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 201X, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued an adverse opinion.

Place: Chennai

Date: 22.11.2019



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ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

Directions/sub-directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Tamil Nadu Transmission Corporation Ltd. for the year 2018-19 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

Sl. No.	Areas Examined	Response
1.	Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	All the transactions are maintained manually and entries are posted directly in corresponding account head in fox pro based IT accounting software.
2.	Whether there is any restructuring of an existing loan or cases of waive/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As informed by the company, there is no restructuring of existing loan or cases of waiver/write off of debts/loans/interest etc. made by any lender to the company except an aggregate sum of Rs.2045.06 Lacs representing interest up to the period 31.03.2018 being capitalized by way of a separate term loan by TN State Government.
3.	Whether funds received/ receivable for specific schemes from Central /State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes. Funds received for specific schemes from Central /State agencies were properly accounted for/utilized as per its terms and conditions.
Sub-directions issued under Section 143 (5) of the Companies Act, 2013		
1.	It may be verified whether the compliance of Companies Act, 2013 and accordingly applicability of accounting framework and Ind AS has been followed up by the Company.	The Company has not complied the provisions of Companies (Indian Accounting Standards (IND AS)) Rules 2015 ("CASR 2015"), which stipulated mandatory adoption and applicability of Indian Accounting Standards ("IND AS"). The Company has not prepared the financial statements in accordance with the Ind AS, as prescribed under Section 133 of the Company Act, 2013.

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2.	It may be verified whether the fixed assets registers were maintained properly and updated as on date. Further, the physical verification of assets was done as on 31.03.2019 or regular interval.	The company has not maintained fixed assets register properly, neither have conducted physical verification of assets at regular intervals properly.
3.	In respect of Employees benefit, proper system for accounting of General Provident Fund and Contributory Pension Scheme may be verified.	Proper system for accounting of General Provident Fund and Contributory Pension Scheme is followed.
4.	Whether the reconciliation of receivables und payables between TANGEDCO and TANTRANSCO has been completed? The reasons for difference if any , may be examined.	No. The Reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has not yet been completed.
5.	The cost incurred on abandoned projects and out of this how much cost has been written off may be reported.	We have been informed that there are no abandoned projects as on 31.03.2019.
6.	Is the system of evacuation of power commensurate with power available for transmission with the generating company? If not, loss, if any claimed by the Generating Company may be commented.	Pending receipts of relevant information from the company we are unable to offer our comment in this regard.
7.	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?	In the absence of prescribed norms, we are unable to calculate the loss in excess of the prescribed norms. However, the total transmission loss for the year 2018-19 is 4,345.76 Million units.
8.	Whether the assets constructed and completed on behalf of other agencies handed over to them has been properly accounted for in' the financial statements.	Yes. The company has accounted the assets constructed and completed on behalf of TANGEDCO by way of Transfer Debit Advice (TDA).
9.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In	We are unable to comment on this due to non furnishing of relevant information and non maintenance of fixed assets register as

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	case land of the Company is encroached, not put to use or declared surplus, details may be provided.	mentioned above.
10.	Book all the arrears amount relating to Point of Connection Charges, transmission Charges, etc. which were claimed. Confirmation of Debtors may be obtained.	We were informed that there are no such arrears amount relating to Point of Connection charges. Transmission charges etc,. are booked whenever claimed. Confirmation of debtors has not been obtained.
11.	Various Deposits Contribution works completed but not yet transferred to the Distributions circles concerned.	We are unable to comment on this due to non furnishing of relevant information regarding completion status of Deposit Contribution works.

Place: Chennai
Date: 22.11.2019

For V.Narayanan & Co
Chartered Accountants
Firm Regn.No.00023985

23
Ramachandran
Alwarpet
Chennai
N.Venkateswaran
Partner
M No.202320

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<u>FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19</u>		
	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No.	<u>BASIS FOR ADVERSE OPINION :</u>	
3	Attention is drawn to note 2.1 of the Financial Statements where the Company has not complied the provisions of Companies (Indian Accounting Standards (IND AS)) Rules 2015 ("CASR 2015"), which stipulated mandatory adoption and applicability of Indian Accounting Standards ("IND AS"). The Company has not prepared the financial statements in accordance with the Ind AS, as prescribed under Section 133 of the Company Act, 2013.	<i>TANTRANSCO is in the process of detailed analysis of financial implications of adopting "Ind AS". It is proposed to adopt the same in the FY 2019-20</i>
4	Attention is drawn to note 28.32 of the Financial Statements where in the absence of a detailed fixed asset register and a physical verification process, we are unable to assess the existence, valuation and rights/ obligation of the Company's Property, plant and equipment and Capital Work in progress as at the year ended 31 st March 2019.	<i>The assets registers are reconstructed in all units and updating is in progress</i>
5	Attention is drawn to note 28.8 of the Financial Statements wherein the company is in the process of reconciling the balance with its co-subsidiary company namely TANGEDCO . In addition, the Company is yet to reconcile its inter-unit balances amounting to Rs. 13530.85 lakhs grouped under short term Loans and Advances. The financials does not contain the impact, if any, that could arise on account on completion of the said reconciliation.	<i>The inter-company transaction details are available in both TANTRANSCO and TANGEDCO circles; however the reconciliation will be completed during the FY 2019-20</i>
6	Consumer's contribution for capital projects amounting to Rs. 123,919.46 lakhs disclosed as Other Long-term liabilities. The cost of these capital projects is included under Capital work in progress and Property, Plant and equipment. The company is yet to identify all completed projects to adjust the liability against property, plant and equipment and transfer the balance of any to revenue. Pending completion of the said process, Other long-term liabilities and Property, Plant and equipment are overstated with a corresponding impact on revenue recognized during the year.	<i>The records being maintained will be updated and reconciled by 31.03.2020 since the opening balance under this head has been incorporated as per the final transfer scheme during the FY 2015-16.</i>
7	Attention is drawn to note 28.19, where the employee benefits expense relating to gratuity liability are accounted on cash basis and no provision is made in the books of accounts based on actuary valuation for gratuity liability of its employees. In the absence of the said valuation, we are unable to assess the impact on the Company's employee cost and liabilities during the current year ended as at 31 st March 2019.	<i>Factual</i>
8	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.	<i>Factual</i>
	<u>Information Other than the Financial Statements and Auditor's Report Thereon</u>	
9	The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.	<i>Factual</i>

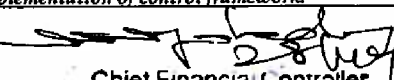
FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19		
	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No.	BASIS FOR ADVERSE OPINION :	
	Responsibility of Management for the Financial Statements	
12	The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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. Those Board of Directors are also responsible for overseeing the company's financial reporting process.	<i>Factual</i>
13	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. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the 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 adequate internal financial controls system 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 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 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.	<i>Factual</i>

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19		
	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No	BASIS FOR ADVERSE OPINION :	
	Other matter	
	The financial statements of the Company for the year ended 31 March 18 were audited by the predecessor auditor, M/s B Thiagarajan & Co, who have expressed a qualified opinion on those financial statements vide their audit report dated 26.10.2018.	<i>factual</i>
	Report on Other Legal and Regulatory Requirements	
1	As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	<i>factual</i>
2	As required by Section 143 (3) of the Act, we report that:	
a)	we have sought and except for the possible effects of the matters described in the Basis for Adverse Opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;	<i>factual</i>
b)	except for the effects considering the possible effects of the matters described in the Basis for Adverse Opinion paragraph, 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;	<i>factual</i>
c)	the financial statements dealt with by this report are in agreement with the books of account;	<i>factual</i>
d)	in our opinion, the aforesaid financial statements do not comply with the Ind AS specified under Section 133 of the Act as per our comments in the Basis for Adverse Opinion paragraph;	<i>factual</i>
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 serial No. 19 chapter 11 notification no. G.S.R 463 (E) dated 5 th June 2015 of the Department of Company Affairs, Government of India;	<i>factual</i>
f)	we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 22.11.2019 as per Annexure B expressed modified:	<i>factual</i>
g)	With respect to the other matters to be included in the Auditor's Report in accordance with 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>factual</i>
	i. The company has disclosed the impact of pending litigations on its financial position in its financial statement.	<i>factual</i>
	ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	<i>factual</i>
	iii. Transfer of any amount to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder is not applicable to the company during the period under review	<i>factual</i>
	ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT	
	(Referred to paragraph 43 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the Company for the year ended 31 st March, 2019)	
	On the basis of checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:	
1(a)	The Government of Tamil Nadu has issued the G.O. for the Final Transfer Scheme with certain amendments vide G.O.(Ms.) No. 49, dated 13.8.2015. The Annual accounts of TANTRANSCO has been prepared duly incorporating the opening Balance as per the Final Transfer Scheme.	<i>factual</i>
1(b)	The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	<i>The assets registers are reconstructed in all units and updating is in progress</i>
1(c)	In respect of the title deeds of immovable properties of the Company, we are unable to comment on the accuracy of the same, since there are no registers or records in support of the Land belonging to the company and that the land purchased in substantial cases by the Company are registered in the name of TANGEPACO /TNER and not in the name of TANTRANSCO in many cases, we are unable to comment on the accuracy of the same.	<i>factual</i>

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19																							
OBSERVATION OF STATUTORY AUDITOR		MANAGEMENT REPLY																					
Sl.No.	BASIS FOR ADVERSE OPINION :																						
2	The reconciliation between value of inventories as per stock registers and accounts are not carried out. Also in our opinion systems and procedures in the maintenance of stores ledger/records and their valuation needs strengthening.	Reconciliation between value of inventories as per stock registers and accounts are regularly being carried out. However, steps are being taken to further strengthening the maintenance of stores ledger/records.																					
3	We are informed that there is no Company, firm or party to be listed in the register referred to in section 189 of Companies Act, 2013 and hence we have no comments to offer in this respect.	factual																					
4	The Company has not directly or indirectly advanced loan to the persons covered under Section 185 of the Act or given guarantees or securities in connection with the loan taken by such persons. The Company has not made any investments or given any loan or any guarantee or security in connection with the loan to any person or body corporate covered under Section 186 of the Act during the year and has complied with the provisions of Section 186 of the Act, in respect of investments, loans, guarantee or security outstanding at the year end.	factual																					
5	The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to deposits accepted from public are not applicable.	factual																					
6	Pursuant to the rules made by the Central Government for maintenance of cost records under Sec 148(1) of the Companies Act 2013, we are of the opinion that prima facie the prescribed accounts and records have not been maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.	Cost records are being maintained and cost audit report is regularly filed as per the provisions of Companies Act, 2013.																					
7(a)	According to the information and explanations given to us and on the basis of our examination of the books of accounts and records, the company has been generally regular in depositing undisputed statutory dues to Employee State Insurance, Employee Pension Scheme, Customs duty, Sales Tax, Income tax, Provident Fund contribution, Service tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there is no undisputed demands in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.	factual																					
7(b)	According to the information and explanations given to us, there are no disputed demands in respect of Income tax, Service tax, Customs duty, Sales Tax, and other material statutory dues, as applicable, that have not been deposited with the relevant statutory authority as at 31 st March, 2019.	factual																					
8	The Company has taken loans from financial institutions, and from the government as given below, and the Company has not issued any debentures. <table><tr><th>Financial Institution/Agency</th><th>Rs. In lakhs</th></tr><tr><td>Rural Electrification Corporation Ltd (REC)</td><td>1,70,131</td></tr><tr><td>Power Finance Corporation Ltd (PFC)</td><td>2,60,054</td></tr><tr><td>National Bank for Agriculture and Rural Development (NABARD)</td><td>206</td></tr><tr><td>Japan International Coordination Agency (JICA)</td><td>17,681</td></tr><tr><td>KFW</td><td>15,524</td></tr><tr><td>PTC Financial Service</td><td>50,000</td></tr><tr><td>TOTAL</td><td>5,13,596</td></tr></table> The above amount of loan from KFW and JICA does not include the additional liability arising out of foreign exchange loss or gain to the tune of 2,061 Lakhs and 1,988 Lakhs respectively which are reinstated to Rs. 13,463 Lakhs and Rs. 19,668 Lakhs respectively.	Financial Institution/Agency	Rs. In lakhs	Rural Electrification Corporation Ltd (REC)	1,70,131	Power Finance Corporation Ltd (PFC)	2,60,054	National Bank for Agriculture and Rural Development (NABARD)	206	Japan International Coordination Agency (JICA)	17,681	KFW	15,524	PTC Financial Service	50,000	TOTAL	5,13,596	factual					
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TOTAL	5,13,596																						
	In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions except in respect of the default with respect to repayment of interest dues of the following Loans: <table><tr><th>Financial Institution/Agency</th><th>Year</th><th>Amount of Interest in due</th></tr><tr><td>Payment of interest due to State Government on account of JICA loan</td><td>2018-19</td><td>872</td></tr><tr><td>Payment of interest due to State Government on account of KfW loan</td><td>2018-19</td><td>680</td></tr><tr><td>TNEB bonds - Interest</td><td>2017-18</td><td>17</td></tr><tr><td>- Redemption</td><td>2018-19</td><td>165</td></tr><tr><td>- Interest</td><td></td><td>27</td></tr><tr><td>Total</td><td></td><td>1,761</td></tr></table>	Financial Institution/Agency	Year	Amount of Interest in due	Payment of interest due to State Government on account of JICA loan	2018-19	872	Payment of interest due to State Government on account of KfW loan	2018-19	680	TNEB bonds - Interest	2017-18	17	- Redemption	2018-19	165	- Interest		27	Total		1,761	Factual. There is no default to JICA or KfW as the interest servicing is being done of the due date by GoI. The interest dues is only to the State Govt. as the loan is onlent to TANTRANSCO on a back to back basis by GoI through GoTN. The unpaid interest on bonds is due to order from income tax department in respect of certain investors.
Financial Institution/Agency	Year	Amount of Interest in due																					
Payment of interest due to State Government on account of JICA loan	2018-19	872																					
Payment of interest due to State Government on account of KfW loan	2018-19	680																					
TNEB bonds - Interest	2017-18	17																					
- Redemption	2018-19	165																					
- Interest		27																					
Total		1,761																					

<u>FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19</u>		
	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No	<u>BASIS FOR ADVERSE OPINION :</u>	
9	Based on information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. According to the information and explanations given to us the loans were utilized for the purpose for which the loans were obtained.	factual
10	Based upon the audit procedures performed and to the extent of the information and explanations given by the management, we are unable to comment if any fraud by the Company or on the company by its officers or employees has been noticed or reported.	factual
11	In our opinion, the provisions of section 197 read with Schedule V to the Companies Act regarding the managerial remuneration are not applicable.	factual
12	In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.	factual
13	In our opinion, compliance with section 177 of the Companies Act, 2013 are not applicable to the Company. Based on the information and explanations given to us, in the absence of adequate records as mentioned in our note 28.8, we are unable to comment if all transactions with the related parties are in compliance with section 188 of Companies Act, 2013.	The transactions with related parties are in compliance with section 188 of Companies Act, 2013.
14	Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.	factual
15	Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.	factual
16	In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.	factual
	<u>ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT</u>	
	Report on the Internal Financial Controls over Financial Reporting under clause (i) of Sub-section 3 of the Section 143 of the Companies Act, 2013 ("the Act") (Referred to paragraph 45(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)	
1	We have audited the internal financial controls over financial reporting of M/s TAMIL NADU TRANSMISSION CORPORATION LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.	
	Management's Responsibility for Internal Financial Controls:	
2	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. These responsibilities include the design, implementation and maintenance of adequate 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 Companies Act, 2013.	factual
	Auditor's Responsibility:	
3	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 Control over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Sec 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 efficiently in all material aspects.	factual

<u>FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2018-19</u>		
	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No.	<u>BASIS FOR ADVERSE OPINION :</u>	
4	Our audit involves procedures to obtain audit evidence about adequacy of the internal financial controls systems 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 judgment including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.	factual
5	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.	factual
	Meaning of Internal Financial Controls over Financial Reporting:	
6	A company's Internal Financial Controls over Financial Reporting is a process designed to provide a 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 Controls over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 the authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's assets that could have a material on the financial statements.	factual
	Inherent limitations of Internal Financial Controls over Financial Reporting:	
7	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 deducted. 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 Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.	factual
	Basis for Adverse Opinion:	
8(a)	Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.	<i>The financial control framework have been well defined and documented. There are accounting and other manuals, proper delegation of power based on which the entire control including financial control frame work is regulated. Steps will be taken to further strengthening of the implementation of control framework.</i>
8(b)	The Company does not have an internal audit system commensurate with the nature and size of its operations.	<i>There is an Internal Audit Department functioning under the control of Senior Deputy Chief Internal Audit Officer to conduct internal audit and to check other internal controls over the system. However, necessary action will be initiated to comply with the provision stated in the Companies Act 2013 to appoint a professional as a internal auditor.</i>
8(c)	The Company's internal control system with regard to its Property, Plant and equipment is deficient in areas of capitalisation, physical verification and consequent impairment.	<i>There are well defined accounting manuals regarding capitalisation of Property, Plant and Equipment etc. However steps are being taken to strengthening the same</i>
8(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.	<i>Implementation of ERP is under progress. Integration between various functions will be achieved on implementation of ERP</i>
8(e)	Refer our note no. 5, in our Basis of Adverse Section, where timely inter-company and inter-unit reconciliation process is not available.	<i>The inter-company transaction details are available in both TANTRANSCO and TANGEDCO circles; however the reconciliation will be completed during the FY 2019-20. Similarly inter-unit reconciliation will also be completed during FY 2019-20.</i>
8(f)	Absence of a process to evaluate internal financial controls and risk management systems by the company as required by section 177(4)(vi) of the Companies Act, 2013.	<i>The financial control framework have been well defined and documented. There are accounting and other manuals, proper delegation of power based on which the entire control including financial control frame work is regulated. Steps will be taken to further strengthening of the implementation of control framework.</i>


 Chief Financial Controller
 For Tamilnadu Transmission Corporation Ltd.



S. Dhandapani ACMA., ACS.
Practicing Company Secretary

No. 9/2, Kamakoti Nagar,
Valasaravakkam, Chennai-600 087.
E-mail : dhandapani_s3000@yahoo.com
Mobile : 99411 69860
Office : +91-44-24719860

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2019

[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,

TAMILNADU TRANSMISSION CORPORATION LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tamilnadu Transmission Corporation Limited** (CIN No. U40109TN2009SGC071948) hereinafter called the "Company") having its registered office at NPKRR Maligai (TNEB Office) 144, Annasalai, Chennai-600 002. 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 **31.03.2019** 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 **31.03.2019** accordingly the provisions of the following acts have been complied with by the company during the financial year 2018-19 to which this report pertains to.:

- (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 I)





Tamilnadu Transmission Corporation Limited-Secretarial Audit Report 2018-19

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, 1992 & 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (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 Debt Securities) 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, 2009
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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.





S. Dhandapani ACMA., ACS.
Practicing Company Secretary

No. 8/2, Kamakoti Nagar,
Valasaravakkam, Chennai-600 087.
E-mail : dhandapani_s3000@yahoo.com
Mobile : 99411 69860
Office : +91-44-24719860

Tamilnadu Transmission Corporation Limited-Secretarial Audit Report 2018-19

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: 23/03/2020



Signature:

Name of Company Secretary

in practice: S.Dhandapani

ACS No: 20564

C P No: 11492

Tamilnadu Transmission Corporation Limited- Secretarial Audit Report 2018-19

Annexure-I- Applicable Acts For The Purpose Of Secretarial Audit

General Laws

- Income Tax Act, 1961 and Rules made there under;
- Payment of Gratuity Act, 1972;
- Central Sales Tax Act, 1956 as amended from time to time and Rules made there under;
- Employees State Insurance Act, 1952 and Rules made thereunder;
- The Maternity Benefit Act, 1961 and Rules made thereunder;
- The Finance Act, 2004 and Service Tax Rules;
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- Environment Laws:
 - a) The National Green Tribunal Act, 2010
 - b) The Air (Prevention and Control of Pollution) Act, 1981
 - c) The Water (Prevention and Control of Pollution) Act, 1974
 - d) The Environment Protection Act, 1986
 - e) The Hazardous Waste Management Regulations, and any other other applicable laws/ regulations.
- Other Labour Legislations.
 - a) Industrial Disputes Act, 1947
 - b) Minimum Wages Act, 1948
 - c) Payment of Wages Act, 1936
 - d) Payment of Bonus Act, 1965
 - e) Labour Welfare Fund (Tamilnadu) Act
 - f) Industrial Employment (Standing Orders) Act, 1946



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- g) Contract Labour (Regulation and Abolition) Act, 1970
- h) Employees Compensation Act, 1923
- i) Sexual Harassment at Workplace (Prohibition, Prevention and Redressal) Act, 2013
- j) Equal Remuneration Act, 1976
- k) Maternity Benefit Act, 1961 (Wherever ESI Act is not applicable and those beyond the wage limit prescribed therein)
- l) Child Labour (Prohibition & Regulation) Act, 1986

Industry Specific Laws- Power Sector

- Electricity Act, 2003 & The Electricity Rules, 2005:
- Indian Electricity Rules, 1956.
- Energy Conservation Act, 2011.
- The Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006.
- Central Electricity Authority (Safety requirements for construction, operation and maintenance of electrical plants and electric lines) Regulations, 2011:
- Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010



S.Dhandapani

Company Secretary in Practice

M No.20564 CoP No.11492

Annexure-2 Observation on Secretarial Audit

Maintaining Combined Register

The company has to maintain combined register as prescribed under the provision of the act with respect to recording of events including allotment of shares, transfer of shares, register of charges etc. to the extent the same is not exempted for the government companies under the provisions of the act. The same is to be complied with.

Establishment of Vigil Mechanism

The company has to establish a Vigil Mechanism under section 177 (9) read with Rule 7 of Companies (Meeting of Board and Its Powers) Rules, 2014.

Appointment of Additional Director

The company has appointed Muthu Helen Antony as additional director on 01.12.2016. The additional director so appointed shall hold the position up to immediately following Annual General Meeting of the company. The additional director shall be appointed as director if the company retains the person appointed earlier as additional director in the ensuing AGM by passing a resolution of shareholders and filing form DIR-12 with the option of change in designation. - Compliance assured

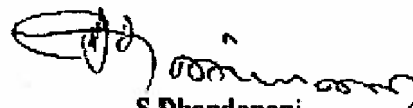
Belated conducting of AGM

The Company has obtained extension time for conduct of AGM for the financial year 2017-18 up to 31st December, 2018. However on reviewing the filings it is seen that the Annual General Meeting for the financial year 2017-18 has been conducted on 29.03.2019. Non conducting of AGM within the due date or extended time therefor may attract the provisions of section 99 of the Companies Act, 2013 for non-compliance.



Appointment of Internal Auditors

The company has to appoint internal auditor(s) for conduct of audit of functions and activities of the company pursuant to section 138 of the Companies Act, 2014 read with rule 13 of Companies (Accounts of Companies) Rules, 2014. The internal auditor shall be a chartered or a cost accountant or such other professional as may be decided by the board. Hence Internal Auditor as mandated by the provisions of the act has to be appointed by the company who shall preferably be chartered or cost accountant and who can be an independent professional or an employee of the company.



S.Dhandapani

Company Secretary in Practice

M No.20564 CoP No.11492

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Reply for the queries raised for Secretarial Audit for the FY 2018-19.

1	Maintaining Combined Register: The company has to maintain combined register as prescribed under the provision of the act with respect to recording of events including allotment of shares, transfer of shares, register of charges etc., to the extent the same is not exempted for the government companies under the provisions of the act, The same is not complied with.	The below mentioned exemptions can be availed by a Government Company as per notification issued by MCA vide notification dated 5th June, 2015 [GSR 463 (E)] Sl No.21, Chapter XI, section 170, Register of Director and Key Managerial Personnel and their shareholding, Not required to be maintained by a Wholly-owned Government Company. However, we have maintained the details in the system in excel format and also maintained in an ordinary register for our reference only. To have good Corporate Governance the said procedure will be followed in future.
2	Establishment of Vigil Mechanism The company has to establish a Vigil Mechanism under section 177 (9) read with Rule 7 of Companies (Meeting of Board and Its Powers) Rules, 2014.	A common Vigilance Wing for both TANGEDCO and TANTRANSCO is functioning to take care of vigilance activities. Communication has been sent to the concerned wing of TANGEDCO (copy enclosed in Annexure I) to ensure compliance of the provisions of Companies Act in this regard.
3	Appointment of Additional Director The company has appointed Muthu Helen Antony as additional director on 01.12.2016. The additional director so appointed shall hold the position up to immediately following Annual General Meeting of the company. The additional director shall be appointed as director if the company retains the person appointed earlier as additional director in the ensuing AGM by passing a resolution of shareholders and filing form DIR-12 with the option of change in designation-Compliance assured.	By omission, the appointment of the part time director in TANTRANSCO was wrongly filed by the consultant as Additional Director in 2016 since there is no provision in the DIR 12 to select "Part Time Director" from sub menu; However, the same will be rectified in ROC accordingly
4	Belated conducting of AGM The Company has obtained extension time for conduct of AGM for the financial year 2017-18 up to 31st December, 2018. However on reviewing the filings it is seen that the Annual	The certification from the Controller and Auditor General of India for the Annual Accounts for the FY 2017-18 and Balance Sheet as on 31.03.2018 was received only as

	General Meeting for the financial year 2017-18 has been conducted on 29.03.2019. Non conducting of AGM with in the due date or extended time therefor may attract the provisions of section 99 of the Companies Act, 2013 for non-compliance.	26.03.2019 and immediately on 29.03.2019 the action was conducted.
5	Appointment of Internal Auditors The company has to appoint internal auditor(s) for conduct of audit of functions and activities of the company pursuant to section 138 of the Companies Act, 2014 read with rule 13 of Companies (Accounts of Companies) Rules, 2014. The internal auditor shall be a chartered or a cost accountant or such other professional as may be decided by the board. Hence Internal Auditor as mandated by the provisions of the act has to be appointed by the company who shall preferably be chartered or cost accountant and who can be an independent professional or an employee of the company.	A separate Internal Audit Wing is functioning in TANTRANSCO under the control of Senior Deputy Internal Audit Officer. Communication has been sent to the concerned wing of TANTRANSCO (copy enclosed in Annexure II) to ensure compliance of the provisions of Section 138 of the Companies Act 2013 and Rules thereon.

Company Secretary
TANTRANSCO

Tamil Nadu Transmission Corporation Limited

Annual Report 2018-19

CIN: U40109TN2009SGC071948

NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Balance Sheet as at 31st March 2019

		Amounts in ₹ Lakhs	
	Note	As at 31-Mar-2019	As at 31-Mar-2018
EQUITY AND LIABILITIES			
Shareholders Funds			
(a) Share Capital	3	4,74,142.77	4,74,142.77
(b) Reserves and Surplus	4	24,037.54	1,25,405.19
		<u>4,98,180.31</u>	<u>5,99,547.96</u>
Share application money pending allotment	5	8,293.76	-
Non-current liabilities			
(a) Long term Borrowings	6	16,94,281.34	14,42,570.45
(b) Other long term liabilities	7	2,92,078.15	2,48,378.39
(c) Long term Provisions	8	42,430.37	34,040.67
		<u>20,28,789.86</u>	<u>17,24,989.51</u>
Current liabilities			
(a) Short term Borrowings	9	18,240.29	11,207.24
(b) Trade Payables	10	19,39,366.57	17,51,738.05
(c) Other Current Liabilities	11	2,83,579.13	3,13,872.57
(d) Short term Provisions	12	14,814.38	15,893.04
		<u>22,56,000.37</u>	<u>20,92,710.90</u>
TOTAL		<u>47,91,264.30</u>	<u>44,17,248.37</u>
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	13	30,35,050.43	30,73,936.51
(b) Capital Work in Progress	14	8,69,284.46	6,15,364.96
(c) Long term loans and advances	15	3,489.98	3,051.85
		<u>39,07,824.87</u>	<u>36,92,353.32</u>
Current Assets			
(a) Inventories	16	24,380.15	21,501.77
(b) Trade Receivables	17	8,27,684.43	6,87,163.12
(c) Cash and Cash Equivalents	18	13,038.79	12,257.59
(d) Short term loans and advances	19	17,246.53	3,628.15
(e) Other Current Assets	20	1,089.54	344.43
		<u>8,83,439.43</u>	<u>7,24,895.05</u>
TOTAL		<u>47,91,264.30</u>	<u>44,17,248.37</u>

Significant Accounting Policies

2

Explanatory Notes

28

The accompanying notes are an integral part of financial statements

This is the Balance sheet referred to in our report of even date.

For V. Narayanan & Co.,

Chartered Accountants

F.Reg.No: 023985

Al. Arpet.

Chennai

N. Venkateswaran

Partnered ACCOUNTANTS

M.No: 202320

For Tamil Nadu Transmission Corporation Limited

N. Mahendiran

Chief Financial Controller

M. Maheswari Bai

Director Finance

DIN: 07160357

D. Suresh Kumar

Company Secretary

S. Shanmugam

Managing Director

DIN: 07471901

Place: Chennai

Date: 22.11.2019

Tamil Nadu Transmission Corporation Limited

Annual Report 2018-19

CIN: U40109TN2009SGC071948

NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Statement of Profit and Loss for the year ended 31st March 2019

		Amounts in ₹ Lakhs	
	Note	As at 31-Mar-2019	As at 31-Mar-2018
INCOME			
Revenue from Operations	21	3,08,544.40	2,70,494.38
Other Income	22	13,918.44	7,690.32
Total Revenue		3,22,462.84	2,78,184.70
EXPENSES			
Employee Benefit Expenses	23	1,44,002.37	1,09,103.69
Finance Costs	24	1,26,156.16	1,21,711.10
Depreciation (Net)	13	89,776.68	75,228.89
Other Expenses	25	27,771.50	26,937.49
Total Expenses		3,87,706.71	3,32,981.17
PROFIT BEFORE PRIOR PERIOD, EXTRAORDINARY, EXCEPTIONAL ITEMS AND TAXATION			
		(65,243.87)	(54,796.47)
a) Net prior period expenses/(Income)	26	(2,262.93)	(5,683.08)
b) Extraordinary charges	27	510.28	83.81
c) Exceptional Item		-	4,17,417.00
PROFIT BEFORE TAXATION		(63,491.23)	(4,66,614.19)
Less: Provision for Taxation:			
- Current Tax		-	-
- Deferred Tax		-	-
Total Tax Expenses		-	-
NET PROFIT FOR THE YEAR FROM CONTINUING		(63,491.23)	(4,66,614.19)
Profit/Loss from Discontinuing Operations		-	-
Tax Expense of Discontinuing Operations		-	-
Profit/ (Loss) from Discontinuing Operations (after Tax)		-	-
NET PROFIT FOR THE YEAR		(63,491.23)	(4,66,614.19)
Earnings per equity share of Rs.10 each			
1) Basic	28.23	(1.34)	(11.28)
2) Diluted	28.23	(1.32)	(11.28)
Significant Accounting Policies	2		
Explanatory Notes	28		
The accompanying notes are an integral part of financial statements			

This is the statement of Profit and Loss referred to in our report of even date.

For V.Narayanan & Co.,

Chartered Accountants

F.Reg No:002398S

N.Venkateswaran

Partner

M.No : 202320

For Tamil Nadu Transmission Corporation Limited

N.Mahendiran

Chief Financial Controller

D.Suresh Kumar

Company Secretary

M.Maheswari Bai

Director Finance

DIN: 07160357

S.Shanmugam

Managing Director

DIN: 07471901

Place: Chennai

Date: 22.11.2019

Notes to Financial Statements for the Year Ended 31st March 2019

3 Share Capital

Amounts in ₹ Lakhs

	As at 31-Mar-2019	As at 31-Mar-2018
Authorised		
10,00,00,00,000 shares of Rs. 10 each (Previous Year)		
10,00,00,00,000 shares of Rs. 10 each	1,00,00,00,00,000.00	1,00,00,00,00,000.00
Issued, Subscribed and Paid up		
4,74,14,27,678 shares of Rs. 10 each (Previous Year)	4,74,142.77	4,74,142.77
4,74,14,27,678 shares of Rs 10 each	4,74,142.77	4,74,142.77

(a) Reconciliation of share outstanding at the beginning of the year and at the end of the year

Equity shares of Rs 10 each

	As at 31-Mar-2019	As at 31-Mar-2018
Opening number of shares outstanding	4,74,14,27,678	4,13,55,30,285
Additions during the year	-	60,58,97,393
Closing number of shares outstanding	4,74,14,27,678	4,74,14,27,678

(b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if proposed by the Board of Directors is subject to approval by Shareholders in the Annual General Meeting except in the case of Interim Dividend.

As regards capital, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of preferential amounts. The distribution to the equity shareholders will be in the proportion to the number of shares held by them.

(c) Details of Shares held by Holding Company and details of Shareholder holding more than 5% equity shares

Name of Shareholder	As at 31-Mar-2019	As at 31-Mar-2018
TNEB Limited	4,74,13,77,678	4,74,13,77,678
(% holding)	100.00%	100.00%

4 Reserves and Surplus

Amounts in ₹ Lakhs

	As at 31-Mar-2019	As at 31-Mar-2018
(a) Foreign Exchange Variance Reserve		
As per last Balance Sheet	-	3,766.99
Add: Additions to reserve	-	-
Less: Deductions to reserve	-	3,766.99
	-	-
(b) Revaluation reserve		
As per last Balance Sheet	3,50,720.90	4,11,318.82
Add: Adjustments to reserve	19.38	127.85
Less: Deductions to reserve	60,725.78	60,725.78
	2,90,014.50	3,50,720.90



Tamil Nadu Transmission Corporation Limited

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CIN: U40109TN2009SGC071948

NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Notes to Financial Statements for the Year Ended 31st March 2019**(c) Other Reserves****Insurance Reserve**

As per last Balance Sheet	1,51,981.14	1,28,731.48
Add: Additions to reserve	22,829.97	23,249.66
Less: Deductions to reserve	-	-
	1,74,811.11	1,51,981.14

(d) Surplus in the Statement of Profit & Loss

As per last Balance Sheet	(3,77,296.84)	89,317.35
Add: Profit/(Loss) for the year	(63,491.23)	(4,66,614.19)
Add/(Less): Appropriations	-	-
	(4,40,788.07)	(3,77,296.84)
Net Surplus/(Deficit) in the Statement of Profit and Loss	24,037.54	1,25,405.19

5 Share application money pending allotment

8,293.76

6 Long term Borrowings

Amounts in ₹ Lakhs

	As at 31-Mar-2019	As at 31-Mar-2018
Secured		
Term Loans from Financial Institutions (Refer Note 28.30(A) for terms of long term borrowings)	14,57,922.93	11,36,388.82
	14,57,922.93	11,36,388.82
Unsecured		
Bonds (Refer Note 28.30(B) for terms of long term borrowings)	-	60,317.06
Term Loans from Financial Institutions (Refer Note 28.30(C) & (D) for terms of long term borrowings)	2,36,358.41	2,45,864.58
	2,36,358.41	3,06,181.63
	16,94,281.34	14,42,570.45

7 Other Long term liabilities

Amounts in ₹ Lakhs

	As at 31-Mar-2019	As at 31-Mar-2018
Government Grants	49,078.94	36,652.78
Consumers' Contribution	1,23,919.46	1,20,664.01
Earnest Money Deposits and Retention Money	1,19,079.76	91,061.60
	2,92,078.15	2,48,378.39

8 Long Term Provisions

Amounts in ₹ Lakhs

	As at 31-Mar-2019	As at 31-Mar-2018
Employee benefit provisions	42,430.37	34,040.67
	42,430.37	34,040.67



Tamil Nadu Transmission Corporation Limited

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NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Notes to Financial Statements for the Year Ended 31st March 2019**9 Short term borrowings**

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Cash Credits from Banks (Refer Note 28.31 for terms of Short Term Borrowings)	18,240.29	11,207.24
	18,240.29	11,207.24

10 Trade Payables

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Sundry Creditors for Capital Goods	1,09,617.59	68,979.17
Sundry Creditors for Goods and services	1,087.54	198.60
Dues to related party (Refer Note below)	18,28,661.45	16,82,560.28
	19,39,366.57	17,51,738.05

Note:

Represents amounts payable to TANGEDCO by the Company.

11 Other Current Liabilities

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Current maturities of long-term borrowing	1,92,649.62	1,75,847.67
Interest accrued but not due on borrowings	14,498.67	12,868.55
Interest accrued and due on borrowings	1,760.20	2,062.01
Other Liabilities and provisions	48,399.35	43,019.55
Consumer's Contribution for capital works in progress	26,221.17	21,972.23
Duties and levies payables	50.12	40.07
	2,83,579.13	2,55,810.09
Add: Unreconciled Interunit balances(Refer note no.28.8)	0	58,062.48
	2,83,579.13	3,13,872.57

12 Short term Provisions

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Employee benefit provisions	14,814.38	15,893.04
	14,814.38	15,893.04



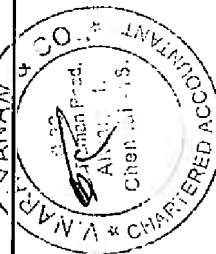
Notes to Financial Statements for the Year Ended 31st March 2019

13 Property, Plant and Equipment

Description of Asset	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st Apr 2018	Additions	Disposals	As at 31st Mar 2019	For the year	Disposals	As at 31st Mar 2019	As at 1st Apr 2018
					Other adjustments			
a) Tangible Assets								
Freehold Land	7,48,970.75	3,085.68	2.69	7,52,053.74	-	-	7,52,053.74	7,48,970.75
Buildings	88,072.42	4,162.90	-	92,235.33	2,290.53	630.73	77,676.99	76,435.34
Hydraulic works	277.79	42.54	-	320.33	16.61	0.00	236.39	83.95
Other civil works	1,32,831.69	3,307.87	-	1,36,139.56	4,240.87	(0.00)	1,18,253.55	1,19,186.56
Plant and Machinery	11,53,391.74	68,438.76	13.25	12,21,817.24	36,777.51	22,865.10	9,08,148.45	8,99,364.99
Lines & Cables Network	15,79,109.36	32,129.02	1.37	16,11,237.01	46,259.16	37,208.04	11,76,984.95	12,28,324.50
Vehicles	259.48	45.17	11.94	292.71	29.56	(10.46)	183.70	94.59
Furniture & Fixtures	574.25	42.57	-	616.82	36.06	0.74	286.44	322.46
Office Equipment	2,113.21	410.76	0.05	2,523.93	179.35	2.77	1,114.53	1,179.22
Assets not in use								
TOTAL	37,05,600.69	1,11,665.28	29.30	38,17,236.66	89,829.65	4.37	7,82,186.25	30,73,936.51
Depreciation capitalised (Refer note no.28.3)					48.60			

Particulars	Amounts in ₹ Lakhs	
	As at 1st Apr 2018	As at 31st Mar 2019
Capital Work-in Progress *	6,15,364.96	8,69,284.46

* Includes construction activities performed on behalf of TANGEDCO



Notes to Financial Statements for the Year Ended 31st March 2019

15 Long term loans and advances

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
<i>Unsecured, Considered good</i>		
Capital advances (Refer note no. 28.27)	2,816.76	2,632.02
Security and other deposits	673.22	419.82
	<u>3,489.98</u>	<u>3,051.85</u>

16 Inventories

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Capital Stores and Spares	24,380.15	21,501.77
	<u>24,380.15</u>	<u>21,501.77</u>

17 Trade Receivables

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
17.1 Outstanding for a period exceeding six months		
Unsecured, Considered good (Refer Note below)	7,96,191.72	6,63,167.81
Unsecured, Considered doubtful	-	-
	<u>7,96,191.72</u>	<u>6,63,167.81</u>
Provision for doubtful receivables	-	-
	<u>7,96,191.72</u>	<u>6,63,167.81</u>
17.2 Others		
Unsecured, Considered good	31,492.71	23,995.31
Unsecured, Considered doubtful	-	-
	<u>31,492.71</u>	<u>23,995.31</u>
Provision for doubtful receivables	-	-
	<u>31,492.71</u>	<u>23,995.31</u>
	<u>8,27,684.43</u>	<u>6,87,163.12</u>

Note:

- Includes amounts receivable of Rs 7,90,895 Lakhs (Previous Year Rs 6,60,253 Lakhs) from TANGEDCO by the Company.

18 Cash and Cash Equivalents

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Balance with Banks		
- In Current Account	12,822.53	11,274.06
- In Short Term Deposits	38.50	858.50
Cheques in hand	177.75	125.02
Cash on hand	0	0
	<u>13,038.78</u>	<u>12,257.59</u>



Tamil Nadu Transmission Corporation Limited

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CIN: U40109TN2009SGC071948

NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Notes to Financial Statements for the Year Ended 31st March 2019**19 Short term Loans and Advances**

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
<i>Unsecured , Considered good</i>		
Loans and advances to staff	3,604.06	3,528.22
Amounts recoverable from staff	86.07	85.24
Advances to suppliers	15.13	8.80
Tax Deducted at Source	10.42	5.89
	3,715.68	3,628.15
Add: Unreconciled Interunit balances (Refer note no.28.8)	13,530.85	-
	17,246.53	3,628.15

20 Other Current Assets

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Unbilled Revenue	1,089.54	344.43
	1,089.54	344.43



Tamil Nadu Transmission Corporation Limited

Annual Report 2018-19

CIN: U40109TN2009SGC071948

NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Notes to Financial Statements for the Year Ended 31st March 2019**21 Revenue From Operations**

	<i>Amounts in ₹ Lakhs</i>	
	<i>As at</i>	<i>As at</i>
	<i>31-Mar-2019</i>	<i>31-Mar-2018</i>
Transmission charges	2,80,437.62	2,41,502.46
Scheduling and System Operating Charges and Other operating income	28,106.78	28,991.92
	3,08,544.40	2,70,494.38

22 Other Income

	<i>Amounts in ₹ Lakhs</i>	
	<i>As at</i>	<i>As at</i>
	<i>31-Mar-2019</i>	<i>31-Mar-2018</i>
Interest on staff loans and advances	129.93	191.00
Interest from Banks	6.13	26.72
Income from sale of scrap	91.97	89.53
Miscellaneous Receipts including Liquidated damages recovered and foreign exchange gain (Refer note no.28.4)	13,690.40	7,383.07
	13,918.44	7,690.32

23 Employee Benefits Expense

	<i>Amounts in ₹ Lakhs</i>	
	<i>As at</i>	<i>As at</i>
	<i>31-Mar-2019</i>	<i>31-Mar-2018</i>
Salaries and allowances	1,03,549.86	81,627.27
Bonus	1,654.68	1,674.38
Contribution to Provident and Other Funds	2,496.05	1,735.53
Terminal Benefits	49,014.01	35,393.14
Staff Welfare Expenses	58.61	76.41
Director's Remuneration (Refer note no.28.22)	120.38	102.42
	1,56,893.58	1,20,609.16
Less:		
Employee Benefit Expense Capitalised	12,891.21	11,505.46
	1,44,002.37	1,09,103.69



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Notes to Financial Statements for the Year Ended 31st March 2019**24 Finance Costs**

	<i>Amounts in ₹ Lakhs</i>	
	As at 31-Mar-2019	As at 31-Mar-2018
Interest expenses		
- Bonds	7,505.47	12,868.87
- Term loans	1,57,308.67	1,29,351.66
- Working capital Loan	898.31	459.27
- Interest on Provident and Pension Funds	5,181.08	4,024.67
Processing and Commitment charges	407.05	401.36
Other Finance costs		
Guarantee commission	969.48	1,072.20
Penal Interest	25.23	188.88
Other costs	3.51	8,203.37
	1,72,298.79	1,56,570.29
Less:		
Interest and finance costs capitalised	46,142.63	34,859.19
	1,26,156.16	1,21,711.10

25 Other Expenses

	<i>Amounts in ₹ Lakhs</i>	
	As at 31-Mar-2019	As at 31-Mar-2018
Insurance	22,844.64	23,260.12
Repairs and Maintenance	-	-
- Plant & Machinery	2,218.13	645.28
- Buildings and Civil works	115.24	137.34
- Lines, Cables and Networks	276.07	312.12
- Others	88.94	87.98
Rent/Rates and Taxes	228.12	219.76
Telephone/Postage/Telegram/Telex charges	116.75	159.47
Legal and consultancy charges	318.48	211.95
Conveyance & Travel	1,747.60	1,468.03
Printing & Stationery	44.57	49.03
Watch and Ward Expenses.	1,451.14	1,209.63
Freight	65.05	254.56
Audit Fees (Refer Note below)	10.92	12.10
Miscellaneous Expenses	506.77	473.84
	30,032.40	28,501.22



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Notes to Financial Statements for the Year Ended 31st March 2019

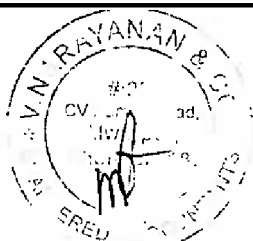
Less:		
Other Expenses Capitalised	2,260.90	1,563.73
	27,771.50	26,937.49
(a) Note: Payment to Auditors (including taxes) for		
- Statutory audit	7.50	7.50
- Certification	-	1.00
- Expenses	1.75	1.75
- For Taxes	1.67	1.85
	10.92	12.10

26 Net prior period Expenses/(Income)

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Prior Period Income		
Receipts from consumers	-	2.33
Interest Income	5.52	-
Excess depreciation provided	-	11.08
Excess provision for Finance costs	702.36	290.73
Excess provision - Others	1,452.14	365.50
Other income	2,975.15	9,532.81
	5,135.17	10,202.46
Prior Period Expenses		
Employees cost under provided	1,331.63	2,363.96
Depreciation under provided	0.00	199.58
Finance costs under provided	253.10	303.82
Other charges under provided	1,287.51	1,652.01
	2,872.24	4,519.38
Net Prior period expenses/(Income)	(2,262.93)	(5,683.08)

27 Extraordinary items (Net)

	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Extra-ordinary debits (net of subsidies received against loss on account of flood, fire, cyclone)	510.28	83.81
Extraordinary items (Net)	510.28	83.81



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Statement of Cash Flows for the year ended 31st March 2019

Particulars	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Cash flow from operating activities		
Profit before Taxation	(63,491.23)	(4,66,614.19)
Adjustments for :		
Depreciation and amortization expenses	89,796.21	75,474.90
Interest Income	(6.13)	(26.72)
Finance Costs	1,26,156.16	1,21,711.10
Insurance Reserve	22,829.97	-
Unrealised foreign exchange loss	-	(3,766.99)
	1,75,284.97	(2,73,221.90)
Operating profit before working capital changes		
Movements in working capital:		
(Increase) / Decrease in inventories	(2,878.38)	(8,461.23)
(Increase) / Decrease in trade receivables	(1,40,521.31)	(1,14,742.18)
(Increase)/Decrease in Short term loans and advances	(13,618.38)	28.12
(Increase)/Decrease in Other current assets	(745.11)	(131.41)
(Increase)/Decrease in Long term loans and advances	(438.13)	(1,515.77)
Increase/(Decrease) in Other long term liabilities	43,699.77	28,702.40
Increase/(Decrease) in Long term provisions	8,389.70	-
Increase/(Decrease) in Trade Payables	1,87,628.53	4,41,538.70
Increase/(Decrease) in Other Current Liabilities	(30,293.44)	42,902.17
Increase/(Decrease) in Short term provisions	(1,078.66)	5,792.62
	50,144.58	3,94,113.44
Cash Generated from Operations	2,25,429.56	1,20,891.53
Income taxes paid	-	-
Net cash generated from operating activities (A)	2,25,429.56	1,20,891.53
Cash flow from investing activities		
Purchase of Property, Plant and Equipment (Net)	(1,11,616.52)	(3,16,127.10)
Movement in Capital Work in Progress	(2,53,919.51)	24,380.32
Interest received	6.13	26.72
Net cash used in investing activities (B)	(3,65,529.89)	(2,91,720.07)
Cash flow from financing activities		
Proceeds / (Repayment) of long term borrowings	2,51,710.89	2,85,829.87
Proceeds / (Repayment) of short term borrowings	7,033.05	11,207.24
Share application money pending allotment	8,293.76	-
Finance Costs	(1,26,156.16)	(1,21,711.10)
Net cash used in financing activities (C)	1,40,881.54	1,75,326.01

Tamil Nadu Transmission Corporation Limited

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Statement of Cash Flows for the year ended 31st March 2019

Particulars	Amounts in ₹ Lakhs	
	As at 31-Mar-2019	As at 31-Mar-2018
Net increase in cash and cash equivalents(A+B+C)	781.20	4,497.48
Cash & cash equivalents at the beginning of the year	12,257.59	7,760.11
Cash and cash equivalents at the end of the year	13,038.79	12,257.59
Components of cash and cash equivalents		
Balance with Banks		
- In Current Account	12,822.53	11,274.06
- In Short Term Deposit	38.50	858.50
Cheques in hand	177.75	125.02
Cash on hand	0.00	-
Total cash and cash equivalents	13,038.79	12,257.59

Note: Previous year figures are regrouped / reclassified wherever necessary

The accompanying notes forms an integral part of the financial statements

Per our report of even date

For V.Narayanan & Co.,

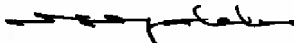
Chartered Accountants

F.Reg.No:002398S



M.No : 202320

or Tamil Nadu Transmission Corporation Limited

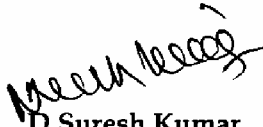

N.Mahendiran

Chief Financial Controller


M.Maheswari Bai

Director Finance

DIN: 07160357


D.Suresh Kumar

Company Secretary


S.Shannugam

Managing Director

DIN: 07471901

Place: Chennai

Date: 22.11.2019

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

1. CORPORATE INFORMATION

Tamil Nadu Transmission Corporation Limited is a State Government Company, domiciled in India and incorporated in June 2009 under the provisions of the Companies Act, 1956, and is headquartered in Chennai. The company is a subsidiary of TNEB Limited, which is a State Government Company. The company is emerged out of the scheme known as Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme notified by the Government of Tamil Nadu, and dealing in transmission of power over the State of Tamil Nadu.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(i) The Financial Statements have been prepared on accrual basis of accounting under historical cost convention and in accordance with the generally accepted accounting principles in India. The financials of the Company has up to year ended 31st March 2017, prepared in accordance with the ESAAR (Electricity Supply Annual Accounts Rules 1985). Effective financial year 2017-18, the Company has implemented the provisions of the Companies Act, 2013 by preparing the financial statements in accordance with Schedule III of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (IND AS)) Rules 2015 ("CASR"), which stipulated the adoption and applicability of IND AS. Effective 01st April 2016, Ind AS is mandatory for all companies whose net worth exceeded 500 crores. Accordingly, IND AS is applicable to the company. The Company is yet to adopt the provisions of IND AS as mandated by CASR 2015 and no adjustments have been made in the financials with respect to the same.

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

- (ii) All assets and liabilities have been classified as current or non-current as per the companies normal operating cycle (12 months) and other criteria set out in the schedule III to the Act.
- (iii) All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.

2.2 Use of Estimates

The preparation of financial statement in conformity with the provisions of Companies Act, 2013 that requires management to make an estimate and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the final statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Inventories

The cost of various categories of inventories is arrived at as follows:-

Fast moving items of inventories are valued at standard rates determined by the Company from time to time.

In case of items not covered by the Standard Rate System, the receipts are valued at Basic price plus applicable taxes. In such cases, the issues are valued at the weighted average rate applicable to the closing stock of the previous month. Where the closing stock of the previous month is nil, the valuation of issues are at the rate of first receipt of the month.

Subsequent increase/decrease in the cost of receipt shall be adjusted in the issue rate prospectively and no retrospective adjustment shall be made to the value of past issues made out of the concerned receipts or to the assets constructed out of such issues.

Returns from out of the materials issued in the past are valued at the issue rate applicable for the month in which the materials are returned.

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

The prescribed basis of valuation of issues and returns may lead to certain anomalies in stock values. Such anomalies, if any, are removed at the end of every quarter and the amount by which the stock values required adjustment are accounted for in a separate account prescribed for this purpose.

The liability to be created on the receipt of materials is made

- at the standard rate in case of fast moving items and
- at the purchase order rate in case of other items.

Accounting for advance adjusted and recoveries and deductions made from a supplier bill passed by the Board and recognition of the liability for the net amount due on that bill are not inferred till the actual discharge of the net liability.

Loss on shortage in materials stock is provided for in the period in which the shortages are observed.

Treatment of Materials Cost Variance

Under the standard rate system referred to above, materials cost variance if any, in respect of receipts at O&M locations are not charged to Statement of Profit and Loss Account.

The balance in the "Materials Cost Variance Account" at the year end shall be treated as follows:-

1. Credit balance shall be credited to a Reserve called "Reserve for Materials Cost Variance".
2. Debit balance shall be debited to the "Reserve for Materials Cost Variance". If as a result of such debit, the net balance in this Reserve account is a debit balance, the amount of debit balance shall be charged to Statement of Profit and Loss Account for the year.

Accounting treatment for materials cost variance prescribed above assumes that the standard rates are fixed appropriately and that a system exists for periodic revision of rates whenever significant variances are being observed.

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

2.4 Cash Flow

Cash Flows are reported using the indirect method, where by profit/(loss) before extraordinary items and tax is adjusted for effects of transactions of non-cash nature and any deferrals or accruals of past and future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Contingencies and Events Occurring after the Balance Sheet

The events that provide additional evidence with respect to the conditions that existed at the date of Balance Sheet and affect the estimates etc, in the process of preparing annual accounts have been considered, and annual accounts are adjusted for any changes in estimates resulting from the use of such evidence.

The events that provide evidence with respect to conditions that did not exist at the balance sheet date but arose subsequent to that date, have not been considered for adjustment in annual accounts.

2.6 Prior Period Items

The prior period items are defined as those items which arise from retrospective change in the basis of accounting, on correction of fundamental error in accounts of the prior period and on account of short or excess provisions made in the previous years.

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

2.7 Depreciation

Depreciation on assets are those described below is provided on the straight line method at the rates and in the manner prescribed Regulation 24 Tamil Nadu Electricity Regulatory Commission's (Terms and Conditions of Determination of Tariff) Tariff Regulations 2005 and as amended vide TNERC Notification No.TNERC/TR/5/2-11, DT.13.03.2014.

Assets are depreciated at 90% of the cost of the asset and 10 % is retained as the residual value. Depreciation on additions to fixed assets is charged on a pro-rata basis from the date of commissioning of the asset.

Individual assets costing up to Rs.500/- are fully depreciated in the year in which they are put in to use.

The following are the assets depreciated on the straight line basis at the rate mentioned below:-

S No.	Type of Asset	% Depreciation
1.	Buildings	
	Buildings and other civil works	3.34
2.	Hydraulic Works	5.28
3.	Plant and Machinery	5.28
	Communication Equipment Radio & HF Carrier System	6.33
4.	Transmission Line, Cables Net Works etc.	5.28
5.	Vehicles	9.50
6.	Furniture & Fixtures	6.33
7.	Office Equipments	6.33
8.	Computers & Peripherals	15.00

2.8 Revenue Recognition

Revenue on transmission and Scheduling and System Operating charges are recognized on accrual basis at the Tariff notified by Tamil Nadu Regulatory Commission from time to time.

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

Sales of products and services are recognised when significant risks and rewards of ownership of products are passed on to customers or service has been provided. Unbilled revenue relating to the financial year ended 31st March 2019 and recognised in the accounts is reflected under other current assets as receivable. Net sales are stated at contractual realisable values net of applicable taxes and trade discounts.

Full provision is made for any loss in the year in which it is first foreseen.

Liquidated damages / penalties are provided for as per the contract terms wherever there is delayed delivery not attributable to the Company.

Commission income is recognised as per contracts/ receipt of income.

Interests from advances to suppliers are recognised as and when they accrue.

Interest on employee loans is recognised on cash basis.

2.9 Property, Plant and Equipments

The Property, Plant & Equipment have been taken at the transfer price in respect of the assets transferred by the State Government vide G.O. Notification No. 49 w.e.f 13.08.2015.

Assets acquired/created subsequently by the company have been taken at cost including capitalisation of appropriate expenses.

Cost of Property, Plant & Equipment comprises of purchase price, duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Own Constructed assets are capitalized at cost including an appropriate share of overheads.

Borrowing cost related to the acquisition or construction of the qualifying Property, Plant & Equipment for the period up to the completion of their acquisition or constructions is capitalized.

Regarding capitalisation under General Construction Circles, the company is allocating the entire revenue expenses incurred during the year to the ongoing capital projects.

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

To adopt a uniform method of capitalization/ apportionment of revenue expenditure at Operation circle level and head office, the company is capitalising its employees cost at 23.5%, administration & general expenses at 1%, Depreciation at 0.5% on yearly basis on work in progress.

An additional 1% of capital work in progress is capitalised towards common expenses incurred at Head Office for the capital projects.

Property, Plant & Equipment constructed with the deposits contributed by the customer are shown in the Property, Plant & Equipment and the corresponding consumers' contribution towards cost of Property, Plant & Equipment in reserves / liabilities. Depreciation is also charged in the normal course on "Full cost" of the asset.

2.10 Effects of changes in Foreign Exchange Rates

Initial recognition: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transactions or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date: Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised in the Statement of Profit and Loss Account.

2.11 Accounting for Government Grants

The Grants received from the Government of India for execution of new Transmission Projects are being kept separately under Other Long term Liabilities, the same would be adjusted against the assets concerned on completion of project.

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

2.12 Accounting for Retirement Benefits of Employees

The Terminal benefits such as Gratuity, Encashment of Earned Leave and Contribution of Pension etc. are being accounted on cash basis. However, a fixed 3.742% of salary has been provided for pension payments at the circle level.

2.13 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying asset is capitalised. Other borrowing cost is recognised as expenses in the period in which they are incurred. In determining the amount of borrowing cost eligible for capitalisation during the period any income earned on temporary investment on those borrowing is deducted from the borrowing cost.

2.14 Segment Reporting

The company is operating in transmission of power which is the only segment and hence the segment reporting is not applicable to the company.

2.15 Related Party Disclosures

TNEB Limited is the Holding Company, Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) and Tamil Nadu Transmission Corporation Ltd. (TANTRANSCO) are its two subsidiary Companies.

2.16 Taxation

Tax expense comprises current tax, deferred tax. The current charge for income tax is measured at the amount expected to be paid to the tax authorities in accordance with The Indian Income Tax Act, 1961. Provisions for current income tax are made on the basis of the results of the year although the actual liability will be computed and paid on the basis of results for the period ending 31st March, 2019.

Deferred tax Asset/liabilities arising from timing differences is not recognised in the books of accounts.

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

2.17 Impairment of Assets

The carrying value of assets / cash generating units are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset fair value less cost to sell and valuing the goods. For the purpose of assessing the impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit).

2.18 Provisions

Provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made based on technical evaluation and past experience. Provisions excluding retirement benefits are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

28. NOTES TO ACCOUNT

28.1 Share Capital

In the 1st AGM of TANTRANSCO held on 07.12.2010, the authorized share capital of the Company was increased to Rs.2500 Crores (250 Crores Equity Shares of Rs.10 each).

In the 3rd AGM of the company held on 27.09.2012, the authorized share capital of the Company was increased to Rs.5000 Crores (500 Crores Equity shares of Rs.10 each).

In the 6th AGM of the company held on 29.12.2015, the authorized share capital of the Company was increased to Rs.10000 Crores (1000 Crores Equity Shares of Rs.10 each).

The issued, subscribed and paid -up Share capital as on 31.3.2019 is Rs. 4741,42,76,780/-. A Sum of Rs. 82,93,76,000/- has been received from Go TN during 2018-19. The amount has been accounted as share application money. The allotment of Rs.82,93,76,000/- (82937600 Equity share of Rs.10/- Each) was approved by Board in its meeting held on 26.6.2019 and necessary RoC allotment formalities have been completed thereafter in the FY 2019-20.

28.2 Revaluation of Assets

The erstwhile TNEB fixed assets have been allocated inter-alia to TANTRANSCO as notified vide GO No. 100 dated 19.10.2010 and subsequent amendment to the said GO vide G.O.(Ms).No. 2 dated 2.1.2012. As per the final transfer scheme notified vide GO 49 dated 13.08.2015, the fixed assets of the erstwhile TNEB have been taken over by Government of Tamil Nadu and re-vested with TANTRANSCO. Out of the group of Fixed Assets, the groups namely Land and Land Rights, Buildings, Plant and Machinery and Lines and Cable Network have been re-valued and revised as per the Consultant's report. The difference between the Book value the re-valued amount as approved by the GoTN is treated as Revaluation Reserve by the Government and the same is incorporated in the books of TANTRANSCO as detailed under:

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019*(Rs. in Crores)*

S No	Name of the Asset	Re-valued Value	Book value	Surplus
1	Land & Land Rights	20320	349	19971
2	Buildings	1611	848	763
3	Plant & Machinery	19822	9542	10280
4.	Lines, Cables & Network	27380	6953	20427
	TOTAL	69133	17692	51441

The above Revaluation Reserve of Rs. 51,441 Crores has been adjusted against accumulated losses of the erstwhile TNEB as on 31.10.2010 as under.

(Rs. in Crores)

S No	Particulars	Amount
1.	Revaluation Reserve	51,441
2	Less: Accumulated Losses of the erstwhile TNEB after adjusting non operative accounts.	31,524
3.	Balance Reserve carried forward to successor companies	19,917

The surplus of Rs. 7163,57,99,323/- represents portion pertaining to the Company and is being carried forward.

28.3 Depreciation

The Depreciation on the re-valued portion of asset is adjusted against the Revaluation Reserve to an extent of Rs. 1,25,851.83 Lakhs upto Financial Year 2013-14 and Rs 3,03,628.81 Lakhs from Financial Year 2014-15 to 2018-19.

Depreciation to the tune of Rs 48.60 Lakhs (Previous Year Rs 57.52 Lakhs) pertaining to assets used for construction in projects has been capitalised during the year.

28.4 Unsecured Term loans from Foreign Financial Institutions**Japan International Co-operation Agency (JICA) Loan**

Certain Transmission Scheme of TANTRANSCO have been tied up with financial assistance from Japan International Co-operation Agency (JICA) through the Govt. of India for Rs. 3572.93 Crores (or Y 60740 million), excluding taxes and

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Notes forming part of the Financial Statements for the Year Ended 31st March 2019

duties. The Govt. of Tamil Nadu has accorded administrative sanction for the total project cost of Rs. 5014.32 Crores (including taxes and duties) vide G.O. (Ms) No. 32 Energy (A1) Department dated 29.4.2015.

The interest and commitment charges upto 31.3.2019 for the JICA Loan is duly provided in the accounts.

Loan from KfW, Germany

Certain Transmission Schemes of TANTRANSCO have been tied up with financial assistance from KfW, Germany, for a total project cost of Rs. 1593 Crores. The total project cost is met out by way of loan from KfW- 40%, NCEF Grant from Govt. of India - 40% and Equity by TANTRANSCO - 20%. The Govt. of Tamil Nadu has accorded administrative sanction for the total project cost of Rs. 1593 crore vide G.O. (Ms) No. 34 Energy (A1) Department dated 7.5.2015.

The interest and commitment charges upto 31.3.2019 for the KfW Germany Loan is duly provided in the accounts.

Accounting of JICA and KfW loans as on the Balance Sheet date

As per the accounting policy adopted, the loan liability in foreign currency outstanding at the Balance Sheet date has been translated at the exchange rate i.e RBI selling rate applicable for Government transactions published by Controller of Aid, Accounts and Audit, Government of India. The difference due to the translation of loan balance payable as at the year-end amounting to Rs 1987.71 Lakhs in respect of JICA, representing a loss for the year and the difference due to translation of loan balance payable as at the year end in respect of KfW, amounting to Rs.2061.42 Lakhs representing gain has been netted and credited to Statement of Profit and Loss Account to the extent of Rs.73.70 Lakhs.

28.5 The updating of the stock registers is under process as per the Final Transfer Scheme.

28.6 The balance as on 31.3.2019 in sundry creditors, Sundry debtors, and Loans & Advances are subject to confirmation.

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28.7 In respect of income from services the company has accounted and paid Service Tax/Goods and Service Tax wherever applicable.

28.8 Inter-Unit & Inter-Company reconciliations

a) An amount of Rs. 13,530.85 Lakhs (PY: -58,062.48 Lakhs), disclosed as Unreconciled Inter-Unit balances, is included in the Company's Short-term Loans and advances (PY: Other Current Liabilities) for the year ended 31st March 2019. The Company is in the process of reconciling the inter-unit accounts between its branches and also with the HO and pending reconciliation, no adjustment is passed in the books of account for the year.

b) Trade Payables includes an amount of Rs. 1,828,661.45 Lakhs (PY: 1,682,560.28 Lakhs), pertaining to transactions with TANGEDCO. The Company is in the process of reconciling its books of accounts with TANGEDCO and pending reconciliation, no adjustment is passed in the books of account for the year.

28.9 The portion of interest on borrowing for the financing of capital asset and other finance cost at construction stage capitalised for the year is Rs. 45,559.34 Lakhs (Previous Year Rs. 34,498.78 Lakhs).

28.10 CIF Value of Imports - Rs Nil (Previous Year Rs Nil)

28.11 Expenditure in Foreign Currency -- Rs Nil (Previous Year Rs Nil)

28.12 Earnings in Foreign Currency -- Rs Nil (Previous Year Rs Nil)

28.13 TANTRANSCO has charged the revenue towards transmission and other charges at the rate determined by the State Commission vide its Suo-motu Transmission Tariff Order No.8 dated 11.12.2014 upto 10.08.2017 and vide T.O No. 2 dated 11.08.2017 (effective from 11.08.2017).

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- 28.14 The pension payments of existing pensioners of erstwhile TNEB are being paid by TANGEDCO since no segregation of pensioners' liability has been finalised in the provisional transfer scheme. The payments of pension to those who have retired from 1.4.2018 to 31.03.2019 are made by TANGEDCO and provision of one seventh of the total liability towards TANTRANSCO's share for the FY 2018-19 to the tune of Rs. 42600.55 Lakhs has been made in the accounts.
- 28.15 In respect of construction contract services undertaken by the Company for TANGEDCO, the transactions are recorded through the Capital Work in Progress Account. Accordingly, the Capital work in Progress as on 31.03.2019 includes work in progress undertaken for TANGEDCO.
- 28.16 TANTRANSCO provided 1% Insurance Reserve on Net Fixed Asset excluding land as on 31.3.2019 at Transmission circles for the FY 2018-19.
- 28.17 Since the company has unabsorbed depreciation and carried forward losses under tax laws deferred tax is not recognised on the basis of prudence.

28.18 Quantitative details of Transmission and Loss of Energy

S No.	Particulars	2018-19	2017-18
1.	Energy injected from Generator/Inter-State (in MU)	1,09,578.66	102,722.82
2	Energy fed to EHT/HT consumers and total consumption at SS end of 22/11 KV	1,05,232.91	98,593.59
3	Total Transmission Loss	4,345.76	4129.23
4	% of Loss	3.97%	4.02%

- 28.19 The employee subscriptions as well as the Board's matching contributions are not invested outside, since no specific instruction has been received from Government of Tamil Nadu regarding formation of Trust. The Terminal Benefits such as gratuity, encashment of E.L., Commutation of Pension are paid from Statement of Profit and Loss Account consistently and no provision has been made.
- 28.20 Interest on staff loan is recovered and accounted for as Income in the books of account after the principal sum has been fully recovered from respective employees.

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28.21 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 serial no 19 chapter 11 notification no. G.S.R 463 (E) dated 5th June 2015 of the Department of Company Affairs, Government of India.

28.22 Related Party Disclosure

- i) TNEB Ltd is the holding Company.
- ii) Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) is another subsidiary of TNEB Ltd.
- iii) The following persons are the Key Management Personnel (KMP) of the Company.

Sl. No.	Name of the Director	Designation
1.	Thiru. Vikram Kapur	Chairman
2.	Thiru S Shanmugam	Managing Director
3.	Thiru T Sentilvelan	Director Transmission Projects
4.	Tmt A Axilium Jayamary	Director Operations
5.	Tmt Maheswari Bai	Director Finance

- iv) Related party transactions:

Amount (in Rs Lakhs)

S No.	Description of Item	TANGEDCO	KMP	TNEB Ltd
1.	Share Application money	- (-)	- (-)	8293.76
2.	Share Capital	-	-	- (60589.73)
3.	Revenue From Transmission of Power	226528.04 (201367)	- (-)	- (-)
4.	Directors' Remuneration	- (-)	120.38 (102.42)	- (-)

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5.	Net intercompany transactions during the year on account of staff payments, material transfers, capital works etc.	15459.17 (-107771)	- (-)	- (-)
6.	Net intercompany balance as at the end of the year (subject to reconciliation)	1037766.45 (1022307.28)	- (-)	- (-)

Note:

1. Previous year figures have been indicated in brackets

28.23 Earnings Per Share

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018
Nominal value of equity shares (Rs.)	10	10
Profit attributable to equity shareholders - (A) (Rs.)	(63,491.23)	(466,614.19)
Weighted Average Number of Equity Share outstanding during the year - (B) (Numbers)	4,74,14,27,678	4,13,71,90,278
Basic earnings per equity shares (A/B) (Rs.)	(1.34)	(11.28)
Dilutive effect on profit (C)(Rs.)	-	-
Profit attributable to equity Shareholders for computing diluted EPS D=(A+C)(Rs.)	(63,491.23)	(466,614.19)
Dilutive effect on weighted average number of equity shares outstanding during the year (E) (Numbers)	8,29,37,600	-
Weighted average number of equity shares for computing Diluted EPS F=(B+E)	4,82,43,65,278	4,13,71,90,278
Diluted Earnings Per Share (D/F) (Rs.)	(1.32)	(11.28)

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

28.24 Contingent Liabilities

The Company has Income Tax disputes for various Assessment Years from Assessment Year 2011-12 to 2016-17 which do not have any implication of Income tax demands and consequently no provision is required to be made in the books of account. As against the said disputes, the Company has preferred appeals to CIT (Appeals) and Income Tax Appellate Tribunal which proceedings are pending as at the year end. For the Assessment years 2017-18 and 2018-19, assessment is yet to be completed.

28.25 Scheduling and System Operation Charges

The Hon'ble TNERC issued Tariff Orders No.3 dated 11.8.2017 for State Load Dispatch Centre Charges for Scheduling and System Operation charges. Pursuant to the said order, charges raised on TANGEDCO has not been paid by it as TANGEDCO took a stand that for Independent Power Producers and traders the bill for SLDC charges should be raised directly on the generators by SLDC and not on TANGEDCO. Hence, the total claim of Rs.189 Lakhs towards SLDC charges is accounted under Receivables from TANGEDCO. A sum of Rs.5957 lakhs (as on 31.03.2018) relating to Scheduling charges could not be accounted/collected from renewable energy sources on account of stay from Hon'ble High Court of Madras.

28.26 Rebate availed by TANGEDCO for transmission charges:

TANGEDCO is paying monthly transmission charges by availing 1% rebate contrary to the Open Access Regulation. The rebate so availed by TANTRANSCO is shown as receivable by TANTRANSCO.

28.27 The commitment on capital expenditure on contract pending execution as on 31.3.2019 is Rs.182158 Lakhs (Previous Year Rs. 146023 Lakhs) against which advance of Rs.2816.76 Lakhs (Previous Year Rs.2632.02 Lakhs) has been accounted.

28.28 Based on the information available with the company no sundry Creditor has claimed under Micro, Small & Medium Enterprises (as defined in "The Micro, Small & Medium Enterprises Development Act, 2006").

Notes forming part of the Financial Statements for the Year Ended 31st March 2019

28.29 The company has classified 50% of the closing balance in the General Provident Fund Account of Employees under Short Term Employee Provision. Similarly 10% of the closing balance in the Contributory Pension Scheme of Employees has been classified under Short Term Employee Provision.

28.30 Terms of Borrowings

A. Secured Term Loan from Financial Institutions and Banks

Rs in Lakhs

Name of the lender	Amount outstanding on 31-Mar-19	Repayment terms incl. moratorium & frequency	Rate of Interest Range	Security
Rural Electrification Corporation (REC)	8,52,686.76	13 to 18; Yearly	10% to 12.25%	Hypothecation of Concerned Project Assets & General Assets wherever applicable
Power Finance Corporation (PFC)	5,31,144.63	Construction period + 15; Quarterly	10.50% to 12.50%	Hypothecation of Concerned Project Assets & General Assets wherever applicable
NABARD	15,946.89	15; Quarterly	10.75%	Hypothecation of Concerned Project Assets & State Govt Guarantee
HUDCO	67,840.10	15; Quarterly	10.50%	Hypothecation of General Assets
PTC Financial Services	30,000	15; Monthly	9.75%	Hypothecation of General Assets
Vijaya Bank	50,000	10; Monthly	9.45%	Hypothecation of General Assets
TOTAL *	15,47,618.39			
TOTAL outstanding on 31-Mar-18	12,43,675.83			

* Includes Non-Current portion of Rs.14,57,922.93 Lakhs (Previous Year Rs 11,36,388.82 Lakhs) and current portion of Rs 89,695.46 Lakhs (Previous Year Rs 1,07,287.01 Lakhs)

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B. Bonds Unsecured guaranteed by State Government

Rs in Lakhs

Type of Bond	Amount outstanding on 31-Mar-19	Repayment terms incl. moratorium & frequency	Rate of Interest Range
TNEB Bonds *	60,317.06	10 30% at the end of 8th year, 30% at the end of 9th year and 40% at the end of 10th year; Yearly	8.32% to 8.81%
TOTAL *	60,317.06		
TOTAL outstanding on 31-Mar-18	1,05,551.06		

* Includes Non-Current portion of Rs. Nil Lakhs (Previous Year Rs 60,317.06 Lakhs) and current portion of Rs 60,317.06 Lakhs (Previous Year Rs 45,234 Lakhs)

C. Unsecured Term Loans from Financial Institutions

Rs in Lakhs

Name of the lender	Amount outstanding on 31-Mar-19	Repayment terms incl. moratorium & frequency	Rate of Interest Range	Security
REC	33,333.33	3; Yearly	10.75%	State Government Guarantee
Life Insurance Corporation of India	24,136.53	18; Half yearly	8.8% to 13%	State Government Guarantee
TOTAL *	57,469.86			
TOTAL outstanding on 31-Mar-18	80,796.53			

* Includes Non-Current portion of Rs 17,476.53 Lakhs (Previous Year 57,469.86 Lakhs) and current portion of Rs 39,993.33 Lakhs (Previous Year Rs 23,326.67 Lakhs)

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D. Unsecured Term loans from Foreign Financial Institutions guaranteed by Central Government

Rs in Lakhs

Name of the Lender	Amount outstanding on 31-Mar-19	Repayment terms incl. moratorium & frequency	Rate of Interest Range
Loan from JICA	1,66,006.51	30; Half Yearly	0.55
Loan from KFW	55,519.14	15; Half Yearly	1.63
TOTAL *	2,21,525.65		
TOTAL outstanding on 31-Mar-18	1,88,394.71		

* Includes Non-Current portion of Rs 2,18,881.88 Lakhs (Previous Year 1,88,394.71 Lakhs) and current portion of Rs 2643.77 Lakhs (Previous Year Nil)

Reflected in Balance Sheet under

Rs in Lakhs

	As at 31.03.2019	As at 31.03.2018
Note no.6	16,94,281.34	14,42,570.45
Note no.11	1,92,649.62	1,75,847.67

28.31 Terms of Short Term Borrowings

(Rs in Lakhs)

Name of the bank	Facility	Limit	Rate of interest	Security
State Bank of India	Cash Credit	9000	10.55%	Book debts
Canara Bank	Cash Credit	5000	9.75%	Book debts

28.32 Property, Plant & Equipment

- a) The Company does not maintain a detailed Fixed asset register for its Property, Plant and Equipment and Capital work in progress. There is no policy for impairment which the company follows to impair its old/

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unused or discarded assets. In addition, there is no reconciliation of the books with the assets identified during its physical verification process and hence no adjustment has been passed till date on identification of variation if any. In the opinion of the management, the impact is not expected to be material.

- b) Substantial land in the books of the Company has been purchased only in the name of TANGEDCO and not in the Company's name. This is on account of approval provided by the Government of Tamilnadu and payment being made from to TANGEDCO. However, the assets are capitalised in the books of the Company.

28.33 Trade Payables

An amount of Rs. 20.70 Lakhs is included in Trade payables in the current and previous years, which is accounted as Stale Cheques in the books of accounts. In the absence of adequate records, the Company is unable to assess the appropriateness or otherwise of the amount carried forward in the books of account.

- 28.34 Extra-ordinary item amounting to Rs. 510.28 Lakhs pertains to repair work incurred on account of Gaja cyclone by the Company.

28.35 The Company is in the process of reconciling its books of account with the Goods and Service Tax (GST) returns every month. Pending reconciliation, no entry is passed in the books of account. However, in the opinion of the management, the impact is not expected to be material.

28.36 Regroupings

The company has done the following regroupings during 2018-19. The corresponding figures of Previous year 2017-18 has also been regrouped accordingly.

Sl. No.	Description	Grouping done during FY 2017-18	Grouping done during FY 2018-19
1	Insurance Reserve	Other Current liabilities and Provisions	Reserves and Surplus
2	General Provident Fund(Refer Note 28.29)	Short Term Provisions	50% under Short Term Provisions 50% under Long Term Provisions

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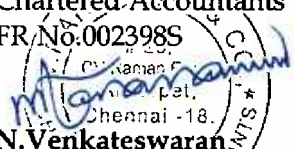
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3	Contributory Pension Scheme (Refer Note 28.29)	Short Term Provisions	10% under Short Term Provisions 90% under Long Term Provisions
4	Sundry debtors - trading account	Fixed Assets	Trade Receivables
5	Receipts from consumers including Operation and Maintenance charges, Reactive charges, Deviation charges, Transformer charges etc	Other income	Other Operating Income under "Revenue from Operations"
6	Unreconciled Inter unit balances	Adjusted against Other Receivables	Adjusted under Short Term Loans and Advances

For V.Narayanan & Co.,
Chartered Accountants

FR/No.002398S

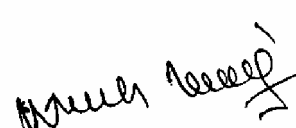

N. Venkateswaran
Partner
Membership No-202320

For Tamil Nadu Transmission Corporation Limited


N. Mahendiran
Chief Financial Controller


M. Maheswari Bai
Director/Finance
DIN:07160357

Place: Chennai
Date: 22.11.2019


D. Suresh Kumar
Company Secretary


S. Shanmugam
Managing Director
DIN:07471901