TAMILNADU TRANSMISSION CORPORATION LIMITED

11th ANNUAL REPORT

2019-20

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

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TAMILNADU TRANSMISSION CORPORATION LIMITED
11th Annual Report for the period of 2019-20
CORPORATE DETAILS

BOARD OF DIRECTORS*		
Sl.No.	NAME OF THE DIRECTOR	DESIGNATION
1.	Thiru VIKRAM KAPUR, I.A.S.	Chairman/TANTRANSCO & Additional Chief Secretary to Government, GOTN
2.	Dr. S. Vineeth, I.A.S.	Joint Managing Director
3.	Thiru S. SHANMUGAM, B.E.	Managing Director, Director/Operation (FAC)
4.	Thiru. T. SENTHILVELAN, B.E.	Director/Transmission Projects
5.	Tmy.M.MAHESWARI BAI, B.Com., ACMA.	Director/ Finance/ TANTRANSCO
6.	Tmty. M. A. HELEN, M.E.	Part Time Director, TANTRANSCO
7.	Thiru R. Ethiraj, B.E.	Part time Director, TANTRANSCO
8.	Thiru. S. Krishnan, I.A.S.	Additional Chief Secretary to Government, Finance Department. Ex-officio Director, TANGEDCO, TANTRANSCO & TNEB Ltd.
9.	Thiru. A. Karthik, I.A.S.	Principal Secretary to Govt., Energy Department, Ex-officio Director, TANGEDCO, TANTRANSCO & TNEB Ltd.
10.	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 31.03.2020

DIRECTORS' REPORT

Dear Members,

The Board of Directors of Tamil Nadu Transmission Corporation Limited (TANTRANSCO) have immense pleasure in presenting its 11th Annual Report for the Financial Year 2019-20.

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.

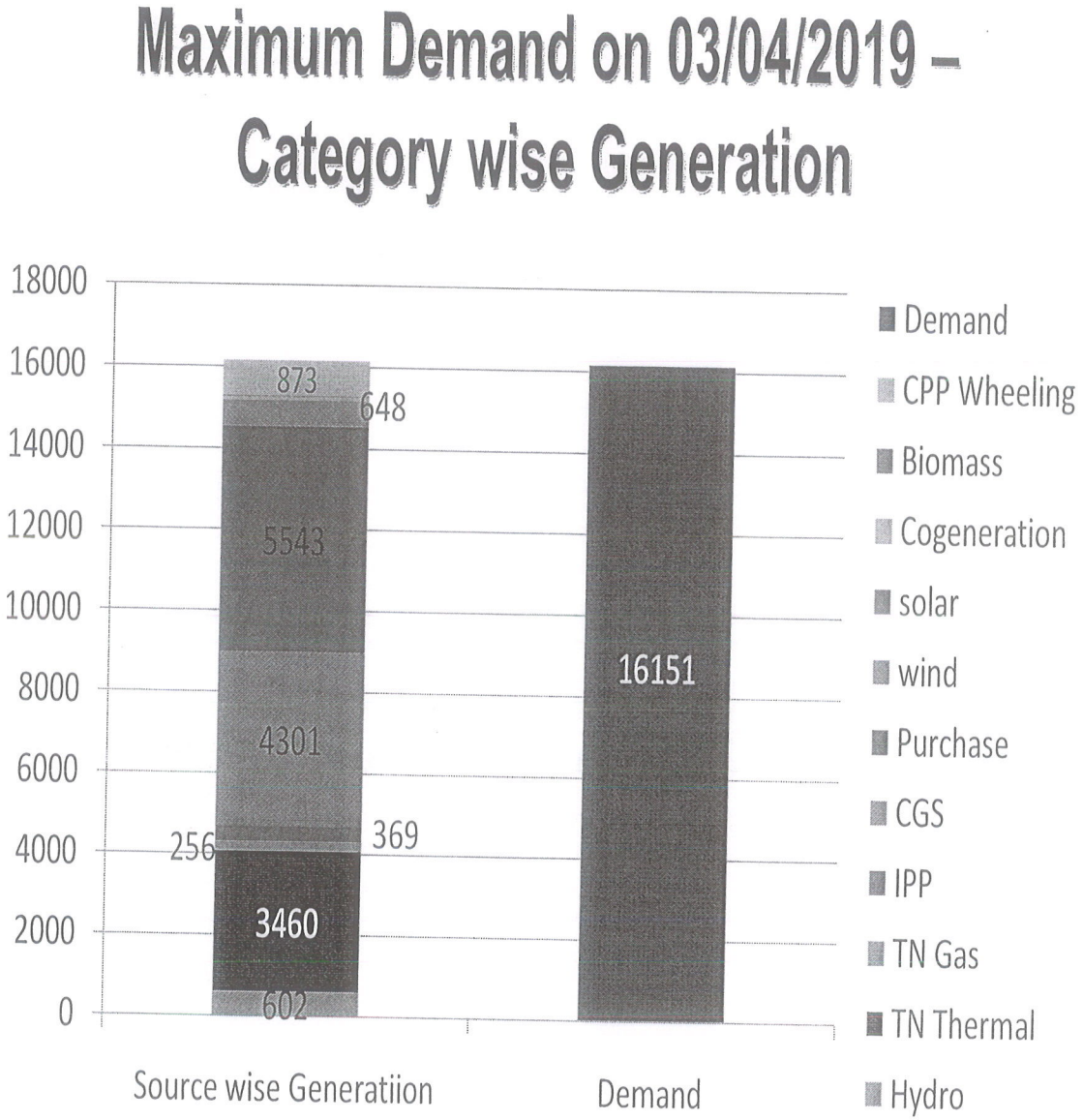
5.0 FINANCIAL PERFORMANCE

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

	Amounts in Lakhs Year Ended 31-Mar-2020	*Amounts in Lakhs* Year Ended 31-Mar-2019
INCOME		
Revenue from Operations	3,16,490.55	3,08,544.40
Other Income	20,131.74	13,918.44
Total Revenue	3,36,622.30	**3,22,462.84**
EXPENSES		
Employee Benefit Expenses	1,53,804.62	1,44,002.37
Finance Costs	1,81,494.08	1,26,156.16
Depreciation *(Net)*	1,03,951.71	89,776.68
Other Expenses	5,431.65	27,771.50
Total Expenses	**4,44,682.05**	**3,87,706.71**
PROFIT BEFORE PRIOR PERIOD, EXTRAORDINARY, EXCEPTIONAL ITEMS AND TAXATION	**(108059.76)**	**(65,243.87)**
a) Net prior period expenses/(Income)	(611.32)	(2,262.93)
b) Extraordinary charges		510.28
c) Exceptional Item	-	-
PROFIT BEFORE TAXATION	(1,07,448.44)	**(63,491.23)**

State of Company's Affairs and Future Outlook



Overview of Journey during the last six years till March 2020.

We have built and own 1032 number of substation as on 31st March 2020 in comparison to 797 Nos. of substation in 31st March 2012. 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 2019-20(Nos.)	Substations as on 31.3.2020 (Nos.)	EHV Network during 2019-20 (Ckm)	EHV Network as on 31.3.2019 (Ckm)
1	66 Kv	-	3	-200.000	483.000
2	110kV	20	896	522.000	19747.501
3	230 kV	2	106	247.262	10573.706
4	400 kV	1*	27**	66.830	4107.586
	TOTAL	23	1032	636.092	34911.793

*1 No.-TANTRANSCO
**11 Nos.-PGCIL and 16 Nos. TANTRANSCO

Similarly TANTRANSCO owns a vast network of EHV transmission lines ranging from 66 KV to 400 KV. As on March 2012 there were 24497.017 Ckm of transmission lines, which have been expanded to 34911.793 Ckm as on 31st March 2020.

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
10	2019-20	3.93

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 Thiruvanmiyur are also proposed as Digital Substations. Works are under progress for these Substations.

- TANTRANSCO has proposed to replace the existing conductor using new technology conductor of High Temperature Low Sag (HTLS) to improve the current carrying capacity of 2 nos 230 kV EHT Lines and 8 nos 110kV EHT lines, to meet out the increasing demand.

- 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.

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. 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 2019-20 are as under:

i. Maximum State Demand catered was 16,151 MW reached on 03.04.2019.

ii. System frequency

Frequency Profile for 2019-20:

Percentage of time when frequency was between

i) < 49.9 Hz 6.53 %

ii) 49.90 Hz to 50.05 Hz 72.90 %

iii) > 50.05 Hz 20.56 %

iv) Average frequency for the year 50.00 Hz.

iii. Energy demand catered

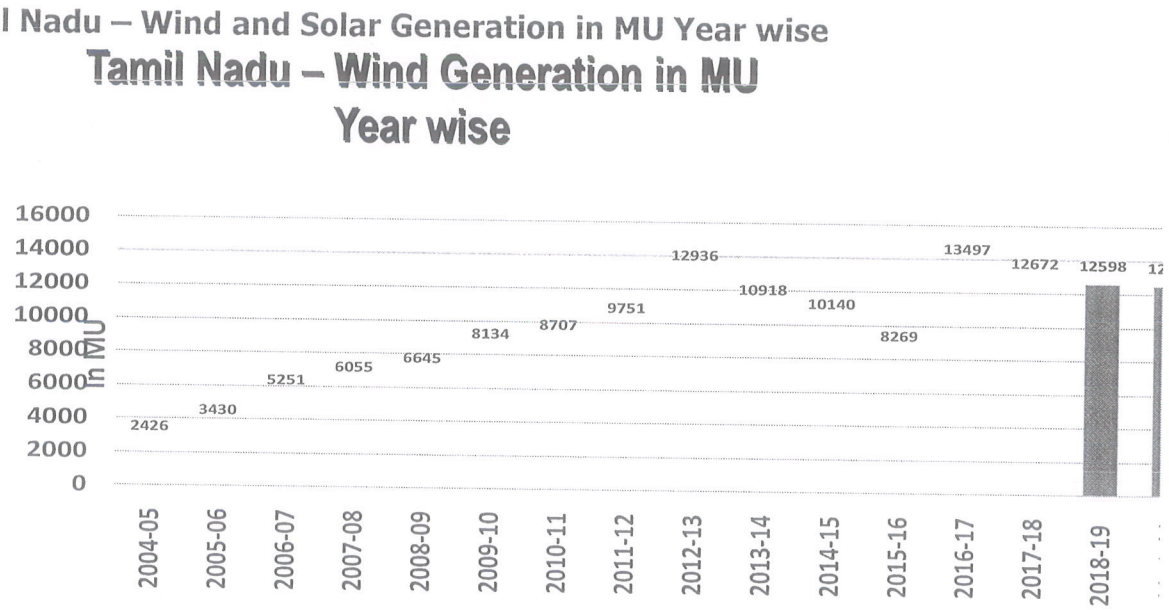
Details	Achieved	Date
Consumption	369.94 MU	12-04-2019
Demand	16151 MW	03-04-2019
Wind Energy	104.520 MU	19-07-2019
Wind Generation	5013 MW	19-07-2019
Solar Energy	21.128 MU	31-03-2020
Solar Generation	3095 MW	31-03-2020
Chennai Consumption	63.771 MU	13-06-2019
Chennai Demand	3738 MW	18-06-2019

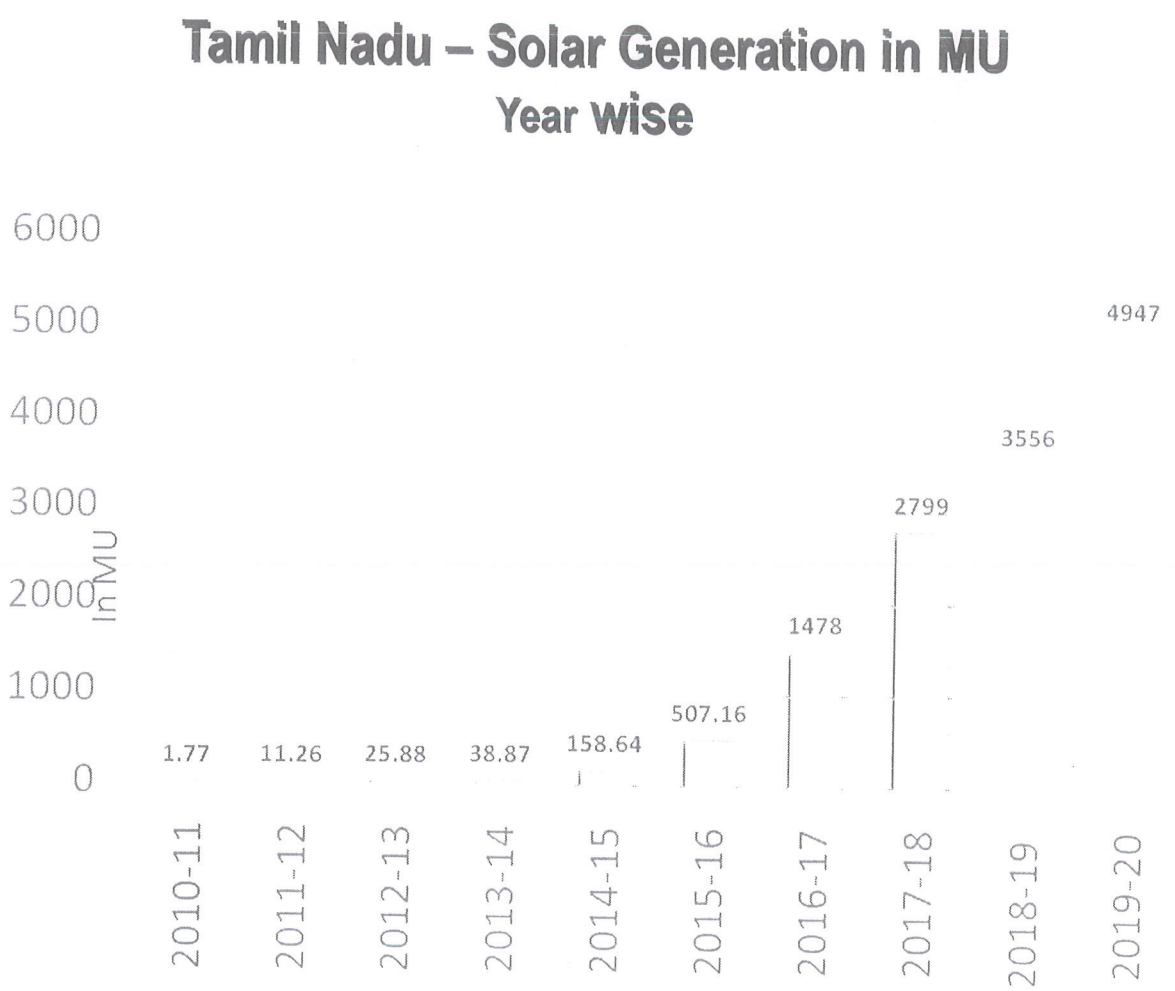
6.5 Generation capacity as on 31.03.2020

Generator	Installed capacity in MW
TN Hydro	2322
TN Thermal	4320
TN Gas	516
TN IPP	747
CGS Thermal	4457
CGS Nuclear	1709
Purchase	3160
CPP	986
Wind	8523
Solar	4050
Co-gen	710
Biomass	266
Total	31766

6.6 Renewable Energy Generation:-

Tamil Nadu – Wind and Solar Generation in MU Year wise





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 a head 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 2019-20

	STOA granted during 2019-20		
A	**Intra/Inter State STOA (Excluding Power Exchange)**	**MW**	**Applications**
	STOA Intra	6048 MW	4661
	STOA Inter	20 MW (Max per month)	10
B	**Inter State STOA through Power Exchange**		
	IEX (Provisional)	286 MW average	3063
	PXIL		
C	**Energy Transaction through STOA**		
	Year 2019-20	8627.28 M.U	----
D	**Open Access**		
1	Long Term Open Access	--	--
2	MTOA (Provisional)	881 MW (Max per month)	572

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/Kuthiraikalmedu. 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 Details of TANTRANSCO employees attended training during the Year 2019-20

Sl.No	Name of the Institute/Center	No of Programmes	Number of Engineers/Staff trained	Amount spent for training in Rs.
1	Staff Training College,Chennai	76	276	330435
2	T&D,T&DI and RC Madurai	94	135	195936
3	HTI & RC	49	15	53275
4	TTI & RC	69	33	130203
5	TT&DC/Korattur	72	299	344302
6	TT&DC/Thiruvannamalai	63	140	115913
7	TT&DC/Vellore	61	147	107203
8	TT&DC/Trichy	63	167	163721
9	TT&DC/Thanjavur	57	84	72892
10	TT&DC/Virudhunagar	57	176	97422
11	TT&DC/Tirunelveli	60	159	132019
12	TT&DC/Pasumalai	63	154	177278
13	TT&DC/Mettur	72	182	170939
14	TT&DC/Coimbatore	62	186	165268
15	CJT&DC	32	6	6991
	Total	**18**	2153	**2256806**

In addition to the above, Officers/Staff were also deputed exclusively for Hot Line training Programmes 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	Amount spent for training in Rs.
1	11 weeks training in Live Line Maintenance Techniques (106th Batch) using Hot Stick Method (HSM) up to 220 KV lines	11weeks	12	2600496
2	Four weeks "Switch yard Maintenance training Programme using Live Line Maintenance Techniques	4 weeks	2	869384
3	11 weeks training in Live Line Maintenance Techniques (106th Batch) using Hot Stick Method (HSM) up to 220 KV lines	11 weeks	1	216708
	Total			**3686588**

9 Directors And Key Managerial Personnel

9.0 **Directors**

Sl No	NAME	DESIGNATION	Date of Appointment	Date of Cesation
1	Thiru. VIKRAM KAPUR, I.A.S.,	Chairman & Additional Chief Secretary to Government, GoTN	13.3.2018	---
2	Thiru. K.SHANMUGAM, I.A.S. Thiru S. Krishnan, I.A.S.	Addl. Chief Secretary to Govt., Finance Department, Nominee Director Ex-officio Director/TANGEDCO, TANTRANSCO & TNEB Ltd. Addl. Chief Secretary to Govt.,	19.05.2010	30.06.2019

		Finance Department, Nominee Director	01.07.2019	
3	Thiru. MD NASIMUDIN, I.A.S. Thiru B. CHANDRA MOHAN, I.A.S. Thiru DHEERAJ KUMAR, I.A.S. Thiru A. KARTHIK, I.A.S,	Principal Secretary to Govt., Energy Department, Ex-officio Director/ TANGEDCO, TANTRANSCO & TNEB Ltd. Principal Secretary to Govt., Energy Department, Nominee Director Principal Secretary to Govt., Energy Department Nominee Director Principal Secretary to Govt., Energy Department Nominee Director	27.08.2018 24.09.2019 14.10.2019 26.02.2020	23.09.2019 14.10.2019 26.02.2020
4 a)	Thiru V. ARUN ROY, I.A.S.	Special Secretary to Govt., Industries Department, GOTN. Nominee Director	27.08.2018	
5	Dr. Subodh Kumar, I.A.S. Dr. S. Vineeth, I.A.S.	Joint Managing Director - do -	26.06.2019 07.11.2019	11.10.2019
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	Thiru S. SHANMUGAM, B.E.	Director/Operation/FAC	01.03.2020	---
10	Tmty. M. A. HELEN, M.E.	Director (Part time)/ TANTRANSCO , Director / Distribution, TANGEDCO	1.12.2016	---
11	Thiru CHANDRASEKAR, B.E. Thiru R. Ethiraj, B.E.,	Director (Part time)/ TANTRANSCO , Director / Generation, TANGEDCO Director (Part time)/TANTRANSCO	03.01.2019 13.11.2019	01.08.2019

9.1 Key Managerial Personnel

During the Financial year 2019-20, 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)**	-
Dr. S. Vineeth, I.A.S.,	**Joint Managing Director**	**07.11.2019**	-
Er.S.Shanmugam,B.E.,	**Managing Director**	**01/03/2016**	-
Er.T.Senthilvelan ,B.E.,	**Director /Trans-mission Project.**	**30/11/2015**	
Tmy.M.Maheswari Bai, B.Com.,ACMA	**Director /Finance**	**29/02/2016**	-
Thiru.N. Mahendiran, B.Com., A.C.A.	**Chief Financial Controller**	**25/09/2018**	-

Thiru Dhanasekaran Sureshkumar, B.Com.,ACMA.,ACS	Company Secretary	19/10/2016	-

9.2 Meetings

(i) Board Meetings

During the financial year 2019-20, Five (5) Board Meetings were held on the following dates:

S No.	Number of Board Meeting	Date of Board Meeting
1	89th Board Meeting	26.06.2019
2	90th Board Meeting	30.07.2019
3	91st Board Meeting	30-09-2019
4	92nd Board Meeting	22-11-2019
5	93rd Board Meeting	26-02-2020

(ii) Board Meeting attendance of directors during the Financial Year 2019-20

Sl No	Name of the Directors.		No of BM held	
			Held in their tenure	Attended
1	Thiru Vikram Kapur I.A.S.	Chairman	5	5
2.	Thiru K. Shanmugam, I.A.S.	Ex-officio Director	1	1
2	Thiru. S. Krishnan, I.A.S.	Ex-officio Director	4	4
3	Thiru. Md Nasimudin I.A.S.	Ex-officio Director	2	2
4	Thiru B. Chandra Mohan, I.A.S.	Ex-officio Director	1	1
5	Thiru Dheeraj Kumar. I.A.S.	Ex-officio Director	1	1
6	Thiru .A. Karthik, I.A.S.	Ex-officio Director	1	1
7	Thgiru V. Arun Roy, I.A.S.	Ex-officio Director	5	3
8	Dr. Subodh Kumar, I.A.S.	Joint Managing Director	3	3
9	Dr. S. Vineeth, I.A.S.	Joint Managing Director	2	1
10	Thiru S. Shanmugam, B.E.	Managing Director	5	5
11	Thiru. T. Senthilvelan, B.E.,	Director	5	5
12	Tmty. M. Maheswari Bai, BCom., ACMA.,	Director	5	5
13	Thiru. S. Ravichandran, M.E., M.I.E.	Director	2	2
14	Tmty. M.A. Helen, B.E.,	Director (Part-Time)	5	5
15	Thiru Chandrasekar, B.E.	Director (Part-Time)	2	2
16	Thiru R. Ethiraj, B.E.	Director (Part-Time)	2	2

(iii) **Annual General Meeting 2019-2020**

No Meeting conducted during this FY 2019-20.

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 31.3.2020 is as under.

Sl No	Name of the Directors.	
1	Thiru Vikram Kapur, I.A.S.	Chairman
2	Thiru S. Krishnan, I.A.S.	Member
3	Thiru Dheeraj Kumar, I.A.S.	Member
4	Thiru V. Arun Roy, I.A.S.	Member

Audit Committee Meeting

During the financial year 2019-20, three (3) Audit Committee Meetings were held on the following dates:

Sl. No.	Number of ACM	Date of ACM
1	29th Audit Committee Meeting	30.07.2019
2	30th Audit Committee Meeting	30.09.2019
3	31st Audit Committee Meeting	22.11.2019

Note : Due to Covid 19 Pandemic, M/s. TANTRANSCO was unable to conduct another audit committee meeting in the month of March 2020.

Attendance of the Audit Committee Meeting – Members attended during the F Y 2019-20

Sl No	Name of the Directors.		No of AM held	
			in his tenure	Attended
1	Thiru. Vikram Kapur, I.A.S.	Chairman	3	3
2	Thiru. S. Krishnan, I.A.S.	Member	3	3
3	Thiru Md Nasimudin, I.A.S.	Member	1	1
4	Thiru. B. Chandra Mohan, I.A.S.	Member	1	1
5	Thiru Dheeraj Kumar, I.A.S.	Member	1	1
5	Thiru V. Arun Roy, I.A.S.	Member	3	2

II. Corporate Social Responsibility Committee:

The Corporate Social Responsibility committee was constituted pursuant to provision of Section 135 of the companies Act 2013. The composition of CSR committee as on 31.3.2020 is as under.

Sl	Name of the Directors.	Title

No		
1	Er S Shanmugam, B.E.,	Chairman
2	Er. M Chandrasekaran B.E.,	Member
3	Tmty M Maheswari Bai	Member

During the financial year 2019-20, one (1) CSR Meeting held on 10-06-19.

Sl. No.	Number of ACM	Date of ACM
1	1st CSR	10-06-2019

Attendance of CSR Committee Meeting - Members attended during the F.Y. 2019-20

Sl No	Name of the Committee Members.	Designation	No. of AM	
			Held in his tenure	Attended
1	Er S Shanmugam, B.E.,	Chairman	1	1
2	Er. M Chandrasekaran B.E.,	Member	1	1
3	Tmty M Maheswari Bai	Member	1	1

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 2019-20.

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. M. Krishnaswamy & Associates, Lead Auditors and Cost Accountants as the Cost Auditor for the financial year 2019-20 which has been approved by the Ministry of Corporate Affairs Cost Audit Branch, New Delhi

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

12.1 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.

12.2 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.

12.3 The foreign exchange earnings and the outgo during the FY 2019-20 is Nil.

13 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. For the Financial year 2019-20, 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 company has also reclassified previous year figures to bring the same in accordance with the Schedule III presentation requirements. 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 : 18.02.2021

Sd/-
Pankaj Kumar Bansal
Chairman

कार्यालय महालेखाकार (लेखापरीक्षा-II)
तमिलनाडु एवं पुदुचेरी
OFFICE OF THE ACCOUNTANT GENERAL (AUDIT-II)
TAMILNADU & PUDUCHERRY

TANGEDCO & TNEB LTD 04 AUG 2021 CMD/CHAIRMAN

No. AG(Audit)-II, TN&PY/BO-TNEB/DB/TANTRANSCOAcc19-20/21-22/95 Dt:04.08.2021

To

The Chairman cum Managing Director,
Tamil Nadu Generation and Distribution 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, 2020 - 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, 2020 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,

4/8/21

Senior Deputy Accountant General

Encl: As stated.

"लेखापरीक्षा भवन" 361, अण्णा सालै, चेन्नई-600 018 "Lekha Pariksha Bhavan", 361, Anna Salai, Chennai - 600 018
दू.भा/Phone : 044 - 24316560 to 6566 ; फैक्स/Fax : 044 - 2431 1659
ई-मेल/E-mail : agautamilnadu2@cag.gov.in

TANGEDCO & TNEB LTD.
04 AUG 2021
CHAIRMAN TANTRANSCO

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 2020.

The preparation of financial statements of Tamil Nadu Transmission Corporation Limited, Chennai for the year ended 31 March 2020 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 18 February 2021.

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 2020. 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:

EQUITIES AND LIABILITIES

Non-current Liabilities

1. **Long Term Provisions (Note 8) - ₹517.60 crore**

TNEB GPF (including interest)

As per the GPF Broad sheet, the closing Balance of the year 2019-20 was ₹ 51.07 crore whereas it was shown in the Balance sheet as ₹ 53.40 crore in respect of three EDCs (GCC/Salem, Operation/Madurai and GCC/Madurai). This has resulted in Overstatement of TNEB GPF account and Current Liabilities by ₹ 2.33 crore.

Current Liabilities

2. **Trade Payables (Note 10) – ₹ 21,206.28 crore**

Liability for works – Capital

This does not include ₹ 8.71 crore being the value of work claimed by the contractor before 31st March 2020 (and payments made subsequently) towards tree crop compensation. This has resulted in understatement of the above head and Capital Work in Progress to the extent of ₹ 8.71 crore.

3. **Short term Provisions (Note 12) – ₹ 168.73 crore**

Employee Benefits Provisions

a) TANTRANSCO made a provision for ₹18.02 crore towards bonus and ex-gratia at 8.33 percent and 11.67 percent (20 percent) as against 8.33 percent and 1.67 percent respectively (10 percent) as envisaged in Board proceedings dated 6.11.2020. This has resulted in overstatement of the above account head and current liabilities and employee benefits by ₹9.01 crore (50% of ₹18.02 crore). Consequently, loss for the year is overstated by ₹9.01 crore.

b) This includes ₹ 3.82 crore, being the excess provision created during the earlier period towards salary and not reversed during the current year. This has resulted in overstatement of the above account head and Employee Benefits account by ₹ 3.82 crore. Consequently, loss for the year is also overstated to that extent.

ASSETS

Non-current Assets

4. **Property, Plant and Equipment (Note 13) – Rs.30,034.03 crore**

This does not include assets transferred from GCC/Madurai Operation Circle/Madurai valuing ₹ 8.67 crore which were commissioned during 2019-20. Non-capitalization of the above has resulted in overstatement of the CWIP and understatement of Fixed Assets by ₹8.67 crore with corresponding understatement of depreciation and loss by ₹ 0.14 crore.

5. **Depreciation (Note 13) – ₹ 1,039.52 crore**

The closing balance of depreciation account (Operation Circle/Villupuram) has been exhibited as ₹ 942.71 crore in the accounts whereas the actual closing balance, taking into account the opening balance (₹808.36 crore), addition (₹140.43 crore) and deletion

(₹0.07 crore) during the year worked out to ₹ 948.72 crore. Therefore, the difference of ₹6.01 crore needed to be reconciled and correct figure exhibited in the accounts.

6. **Capital Work in Progress (Note 14) – ₹11,668.15 crore**

This includes ₹ 84.41crore being the expenditure incurred on capital works which were already commissioned during 2019-20. This has resulted in overstatement of work in progress and understatement of inter unit account (A/c – 32.000) to the extent of ₹ 84.41 crore. On account of this, depreciation to the extent of ₹4.06 crore was also omitted to be provided in the accounts resulting in understatement of loss by the same amount.

7. **Trade Receivables (Note 17) - ₹10,850.67 crore**

Expenses Reimbursable from TANGEDCO - ₹ 10,005.69 crore

This does not include ₹ 21.06 crore being the GST (@ 18%) on the assets transferred to TANGEDCO and commissioned during 2019-20 (valuing ₹ 117.01 crore). As per section 7 of GST ACT, 2017 the transfer of asset categorized under supply of material attracts 18% GST. Non-accounting of GST on transferred assets has resulted in understatement of the above head and provisions head by ₹ 21.06 crore. Due to non-creating provision, the loss for the year is also understated by the like amount.

8. **Cash and Cash Equivalents (Note 18) - ₹ 172.36 crore**

This includes ₹ 0.76 crore representing the credit balance (minus balance) in this account without rectification which needs reconciliation. This may be rectified and correct figure exhibited in accounts.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

INCOME

9. **Revenue from Operation (Note 21) - ₹ 3,164.91 crore**

a) **Wheeling charges from Captive Generation Plant (CGP)**

TANTRANSCO accounted ₹7.54 crore representing wheeling charges as income which has to be transferred to TANGEDCO. Accounting this as TANTRANSCO's income has resulted in overstatement of the above head and understatement of liabilities by ₹7.54 crore with understatement of loss by the like amount.

b) **Deviation charges**

The above head includes ₹ 2.43 crore being the Demand for Deviation charges for the year 2019-20 which have been received and accounted but the same was not cleared from

Sundry Debtors account. As such the Sundry Receivables and Other Income is overstated by ₹2.43 crore.

EXPENSES

10. Employee benefit expenses (Note 23) - ₹ 1,538.05 crore

The Circle has omitted to create provision for the terminal benefits payable to the employees retired (two employees)/died (one employee) in March 2020 to the extent of ₹ 1.11 crore. This has resulted in understatement of Staff related liabilities to the extent of ₹ 1.11 crore with consequential understatement of loss.

11. Finance Costs (Note 24) – ₹ 1,814.94 crore

This does not include ₹ 2.46 crore being the interest at 11 *percent* payable towards conversion of GOTN loan for the outstanding interest and commitment charges of ₹ 20.45 crore payable to JICA and KfW.

Non-provision of accrued interest payable to GOTN to the extent of ₹ 2.46 crore has resulted in understatement of Liability and as well as Expenses for the year 2019-20 and loss to that extent.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

12. Long Term Provisions - Contribution Pension Scheme

During the course of audit of Annual Accounts for the year 2019-20, it was found that the balances of Contributory Pension Scheme in three Accounts Rendering Units (GCC/Salem, Operation Circle/Madurai and GCC/Madurai) did not tally with the Broad Sheet figures maintained by them. The CPS fund position as on 31.03.2020 as per Balance Sheet was ₹ 52.23 crore whereas in the Broadsheet it is shown as ₹ 52.68 crore with a difference of ₹ 0.45 crore. This needs to be reconciled.

13. Revenue from Operation - Transmission charges

TANGEDCO had decided (October 2016) for permanent shutdown and decommissioning of Ennore Thermal Power Station (ETPS) from 31-03-2017 and the Central Electricity Authority (CEA) also agreed to delete the Unit from their records of Installed Capacity from 31.3.2017. However, TANTRANSCO continued to raise demand for the allotted capacity of 269 MW and received transmission charges of ₹89.55 crore (269 MW*3037.30*1096 days) from April 2017 to March 2020 and this amount is to be returned to TANGEDCO. Accounting of this as income has impact (overstatement)

on Revenue from operations by ₹89.55 crore which need to be disclosed in the Notes to Accounts in appropriate manner.

14. Net Impact of Comments

The net impact of the above comments is that the losses are understated by ₹25.97 crore. If this is taken into account, the reported loss for the year of ₹1,074.48 crore would increase to ₹1,100.45 crore.

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

Place: Chennai.
Date: 03 .08.2021

03.08.21

Accountant General

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FT 2019-20 and Balance sheet as on 31.03.2020 and Management reply thereon.

	AG COMMENTS	MANAGEMENT REPLY
1.	**Long Term Provisions (Note 8) - ₹517.60 crore** **TNEB GPF (including interest)** As per the GPF Broad sheet, the closing Balance of the year 2019-20 was ₹ 51.07 crore whereas it was shown in the Balance sheet as ₹ 53.40 crore in respect of three EDCs (GCC/Salem, Operation/Madurai and GCC/Madurai). This has resulted in Overstatement of TNEB GPF account and Current Liabilities by ₹ 2.33 crore.	GPF A/c reconciliation between Broadsheet and Supplemental accounts is under progress. This will be completed and accounted duly tallying with Supplemental accounts in 2020-21.
2.	**Current Liabilities** Trade Payables (Note 10) – ₹ 21,206.28 crore Liability for works– Capital This does not include ₹ 8.71 crore being the value of work claimed by the contractorbefore 31st March 2020 (and payments made subsequently) towards tree crop compensation. This has resulted in understatement of the above head and Capital Work in Progress to the extent of ₹ 8.71 crore.	This will be analysed and properly accounted in FY 2020-21.
3. a)	**Short term Provisions (Note 12) - Employee Benefits Provisions – ₹ 168.73 crore** TANTRANSCO made a provision for ₹18.02crore towards bonus and ex-gratia at 8.33 percent and 11.67 percent (20 percent) as against 8.33 percent and 1.67 percent respectively (10 percent) as envisaged in Board proceedings dated 6.11.2020. This has resulted in overstatement of the above account head and current liabilities and employee benefits by ₹9.01 crore (50% of ₹18.02 crore). Consequently, loss for the year is overstated by ₹9.01 crore.	The circle-wise details will be analysed and rectified during FY 2020-21.
b).	This includes ₹ 3.82 crore, being the excess provision created during the earlier period towards salary and not reversedduring the current year. This has resulted in overstatement of the above account head and Employee Benefits account by ₹ 3.82 crore. Consequently, loss for the year is also overstated to that extent.	The following journals are posted in 2/2021 in the circles. Ramnad: 83.500 Dr. 73541.25 44.310 Dr. 5094171.00 To 44.305 73541.25 65.800 5094171.00 The balance will be analysed and necessary rectification will be carried out in 2020-21 accounts.
4.	**Property, Plant and Equipment (Note 13) – Rs.30,034.03 crore** .This does not include assets transferred to SE/O/TANTRANSCO/Madurai from GCC/Madurai valuing ₹ 8.67 crore and commissioned during 2019-20.	This will be analysed and the rectification will be carried out in the accounts of 2020-21.

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FT 2019-20 and Balance sheet as on 31.03.2020 and Management reply thereon.

	Non-capitalization of the above has resulted in overstatement of the CWIP and understatement of Fixed Assets by ₹ 8.67 crore with corresponding understatement of depreciation and loss by ₹ 0.14 crore. **(Comment No.10/ SE Operation Madurai)**	
5.	**Depreciation (Note 13) – ₹1,039.52 crore** The closing balance of depreciation account (Operation Circle/Villupuram) has been exhibited as ₹ 942.71 crore in the accounts whereas the actual closing balance, taking into account the opening balance (₹808.36 crore), addition (₹140.43 crore) and deletion (₹0.07 crore) during the year worked out to ₹ 948.72 crore. Therefore, the difference of ₹6.01 crore needed to be reconciled and correct figure exhibited in the accounts.	This will be analysed and the rectification will be carried out in 2020-21 accounts.
6.	**Capital Work in Progress (Note 14) – ₹11,668.15 crore** This includes₹ 84.41crore being the expenditure incurred on capital works which were already commissioned during 2019-20. This has resulted in overstatement of work in progress and understatement of inter unit account (A/c – 32.000) to the extent of ₹ 84.41 crore.On account of this, depreciation to the extent of ₹4.06 crore was also omitted to be provided in the accounts resulting in understatement of loss by the same amount.	The proposed journal is as follows. (GCC/Salem) 1. 32.421 Dr. 7225596 To 18.115 Cr. 7225596 2. 32.413 Dr. 8624607 To 18.115 Cr. 8624607 3. 32.420 Dr. 10822400 To 18.115 Cr. 10822400 However, this will be analysed and properly accounted in FY 2020-21.
7.	**Trade Receivables (Note 17)- ₹10,850.67 crore** **Expenses Reimbursable from TANGEDCO -₹ 10,005.69 crore** This does not include ₹ 21.06 crore being the GST (@ 18%) on the assets transferred to TANGEDCO and commissioned during 2019-20 (valuing ₹ 117.01 crore). As per section 7 of GST ACT, 2017 the transfer of asset categorized under supply of material attracts 18% GST. Non-accounting of GSTon transferred assets has resulted in understatement of the above head and provisions head by ₹ 21.06 crore. Due to non-creating provision, the loss for the year is also understated by the like amount.	Necessary action will be taken to brought into the books of account.
8.	**Cash and Cash Equivalents (Note 18) - ₹ 172.36 crore** This includes ₹ 0.76 crore representing the credit balance (minus balance) in this account without	This will be verified and necessary rectification will be made during the year 2020-21.

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FT 2019-20 and Balance sheet as on 31.03.2020 and Management reply thereon.

	rectification which needs reconciliation. This may be rectified and correct figure exhibited in accounts.	
9. a)	**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020** **INCOME** **Revenue from Operation (Note 21) - ₹ 3164.91 crore** **Wheeling charges from Captive Generation Plant (CGP)** TANTRANSCO accounted ₹7.54 crore representing wheeling charges as income which has to betransferred to TANGEDCO. Accounting this as TANTRANSCO's income has resulted in overstatement of the above head and understatement of liabilities by ₹7.54 crore with understatement of loss by the like amount.	Necessary rectification will be carried out during FY 2020-21.
b)	**Deviation charges** The above head includes ₹ 2.43 crore being the Demand for Deviation charges for the year 2019-20 which have been received and accounted but the same was not cleared from Sundry Debtors. As such the Sundry Receivables and Other Income is overstated by ₹ 2.43 crore. **(Comment No.8/Cash)**	Necessary rectification will be carried out during FY 2020-21.
10.	EXPENSES **Employee benefit expenses (Note 23) - ₹ 1,538.05 crore** The Circle has omitted to create provision for the terminal benefits payable to the employees retired (two employees)/died (one employee) in March 2020 to the extent of₹ 1.11 crore. This has resulted in understatement of Staff related liabilities to the extent of ₹ 1.11 crore with consequential understatement of loss	This will be analysed and rectified during FY 2020-21
11.	**Finance Costs (Note 24) – ₹ 1,814.94 crore** This does not include ₹ 2.46 crore being the interest at 11percent payabletowards conversion of GOTN loan for the outstanding interest and commitment charges of ₹ 20.45 crore payable to JICA and KfW. Non-provision of accrued interest payable to GOTN to the extent of ₹ 2.46 crore has resulted in understatement of Liability and as well as Expenses for the year 2019-20 and loss to that extent.	**The following JV is proposed in FY 2020-21.** **78.100 – Rs.2,46,52,778/-** **To** **51.220 – Rs.2,46,52,778/-**

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FT 2019-20 and Balance sheet as on 31.03.2020 and Management reply thereon.

12.	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020** Long Term Provisions - Contribution Pension Scheme During the course of audit of Annual Accounts for the year 2019-20, it was found that the balances of Contributory Pension Scheme in three Accounts Rendering Units (GCC/Salem, Operation Circle/Madurai and GCC/Madurai) did not tally with the Broad Sheet figures maintained by them. The CPS fund position as on 31.03.2020 as per Balance Sheet was `52.23 crore whereas in the Broadsheet it is shown as `52.68 crore with a difference of `0.45 crore. This needs to be reconciled.	CPS A/c reconciliation between Broadsheet and Supplemental accounts is under progress. This will be completed and accounted duly tallying with Supplemental accounts in 2020-21.
13.	**Revenue from Operation - Transmission charges** TANGEDCO had decided (October 2016) for permanent shutdown and decommissioning of Ennore Thermal Power Station (ETPS) from 31-03-2017 and the Central Electricity Authority (CEA) also agreed to delete the Unit from their records of Installed Capacity from 31.3.2017. However, TANTRANSCO continued to raise demand for the allotted capacity of 269 MW and received transmission charges of ₹89.55 crore (269 MW*3037.30*1096 days) from April 2017 to March 2020 and this amount is to be returned to TANGEDCO. Accounting of this as income has impact (overstatement) on Revenue from operations by ₹89.55 crore which need to be disclosed in the Notes to Accounts in appropriate manner.	**Method of raising bills**: The TNERC arrives at the transmission charges/MW applicable based on the TNERC (Terms and Conditions for Determination of Tariff Regulation), 2005 which specifies as below: "**Clause 59(1)** :.....Till such time a common transmission tariff is evolved to maintain consistency in transmission pricing frame work in interstate and in the state transmission system, the monthly transmission charges payable by the Distribution licensees and other long term intra state open access consumers shall be based on the capacity allocated to each beneficiaries. TC-(a+b+c) x CL } 12 SCL } Whereas TC =Actual Transmission charges a = Total Transmission charges by the STOA b = Income from other business to the extent of portion to be passed on to the beneficiaries c = Reactive Energy Charges and Transmission Charges received from CTU for use of facilities of the licensee/STU CL = Allotted capacity to the long term transmission customers SCL = Sum of allotted transmission capacity to all the long term open access customers of the intra state transmission system Further, APTEL in the order dt. 23.11.2012 on Appeal No. 91 of 2012, has recommended the following procedure for

Comptroller and Auditor General of India's comments on the Annual Accounts for the FT 2019-20 and Balance sheet as on 31.03.2020 and Management reply thereon.

		arriving at the allotted transmission capacity: "For the wind energy generators the allotted capacity shall be the installed capacity of the respective generators. On the other hand, the transmission capacity allotted to TANGEDCO would be on the basis of sum of net capacity (Installed capacity less auxiliary consumption) of own generating station connected to the transmission system, capacity contracted from IPPs, share in central sector etc.," As per the above, the Hon'ble TNERC arrives at the Allotted Transmission capacity and Transmission charges (Rs./MW/Day) and based on the approved Allotted Transmission capacity in the TNERC's T.O. in T.P. No.2 of 2017, Dt.11.08.2017, the bills are being raised on TANGEDCO from August 2017 for Transmission charges. Further, the Hon'ble TNERC in its Order in T.P.No.1 of 2017, dated 11.08.2017, while considering the Energy Availability for own Generating stations considered net generation for FY 2016-17 relating to Ennore Thermal Power Stations and for the FY 2017-18 and FY 2018-19 did not approve net generation. Whereas in the Tariff Order in T.P No.2 OF 2017, dated 11.08.2017, while calculating the allotted transmission capacity for FY 2017-18 (in MW) considered Own Thermal Station capacity as 6987 MW (which is inclusive of ETPS). Generally, the Invoice for Transmission Charges is being raised based on the approved allotted capacity for TANGEDCO as approved by the Hon'ble Commission in the respective Tariff Order. When next tariff petition is filed, the provisional true-up/final true-up will be done for the FY 2016-17, to FY 2019-20 based on Annual report of TANTRANSCO. After truing up, the Transmissions Charges for the Financial year to which the Tariff is to be determined will be determined by the Hon'ble Commission. Accordingly this will be rectified.

V.NARAYANAN & CO
Chartered Accountants
No.23, SIR C.V. Raman Road, Alwarpet, Chennai – 600 018.
Phone: 044 – 2499 5550, Cell:9345110280, email :vnctrichy@gmail.com

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 31st March 2020, 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 2020, 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 2020.

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. 27,899.70 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. 123,604.18 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.

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 for the year ended 31st March 2020 and corresponding impact on liabilities as at 31st March 2020.

8. Attention is drawn to note 28.35 of the Financial Statements, where the company has acknowledged a liability of Rs. 5287.76 in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2020 and the corresponding impact on statutory liabilities as at 31st March 2020.

9. 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

10. 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

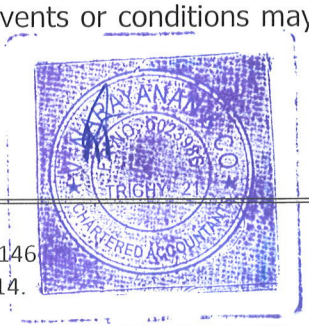
responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance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

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.

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) the matters described in paragraph 3-8 under the Basis for Adverse Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;



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g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 06.02.2021 as per Annexure B expressed modified;

h) 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.

i) 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. The company has disclosed the impact of pending litigations on its financial position in its financial statement.

ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

N.Venkateswaran
Partner
M No.202320
UDIN No.-21202320AAAAAZ2120

Place: Chennai
Date: 18.2.2021

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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, 2020)

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 maintainod 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

generally regular in depositing undisputed statutory dues to Employee State Insurance, Employee Pension Scheme, Income tax, Provident Fund contribution, Customs duty, Goods and Service tax and other material statutory dues applicable to it with the appropriate authorities *except for a sum of Rs.5287.76 Lakhs of GST payable as per the GSTR 9C filed by the company, as referred in para 8 of our audit report*. 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, 2020 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, Goods and Service tax, Customs duty, and other material statutory dues, as applicable, that have not been deposited with the relevant statutory authority as at 31st March, 2020.

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

Rs. In Lakhs

Financial Institution/Agency	**Amount**
Rural Electrification Corporation Ltd (REC)	283235.99
Power Finance Corporation Ltd (PFC)	277354.58
Japan International Coordination Agency (JICA)	16249.14
Asian Development Bank (ADB)	9819.14
TOTAL	**586658.85**

The above amount of loan from ADB and JICA does not include the additional liability arising out of foreign exchange loss to the tune of 267.26 Lakhs & 21,251.03 Lakhs respectively which are reinstated to Rs. 10,086 Lakhs and Rs. 37,500 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:

Rs. In Lakhs

Financial Institution/Agency	**Year of due**	**Amount of Interest due**
JICA (payment of interest due to State Government)	2018-19	871.49
	2019-20	1042.34
KFW (payment of interest due to State Government)	2018-19	679.97
	2019-20	950.64
Principle	2019-20	2864.00
Total		**6,408.44**

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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.

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

Place: Chennai
Date: 18.02.2021

N.Venkateswaran
Partner
M No.202320
UDIN No. 21202320AAAAAA2120

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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 31st, 2020 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 2020:

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

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

   c. The Company's internal control system with regard to its Property, Plant and equipment is deficient in areas of capitalisation, physical verification and consequent impairment.

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

   e. Refer our note no. 5, in our Basis of Adverse Section, where timely inter-company and inter-unit reconciliation process is not available.

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

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

In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2020, 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 31st March 2020, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued an adverse opinion.

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

N.Venkateswaran
Partner
M No.202320
UDIN No.21202320AAAAAZ2120

Place: Chennai
Date: 18.02.2021

V.NARAYANAN & CO. FR.NO. 0002398S TRICHY-21 CHARTERED ACCOUNTANTS

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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 2019-20 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.
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 31.03.2020 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 31.03.2020.
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 2019-20 is 4,300.22 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.

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

N.Venkateswaran
Partner
M No.202320
UDIN No:21202320AAAAAZ2120

Place: Chennai
Date:

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2019-20

	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Sl.No.	**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.	TANTRANSCO is in the process of detailed analysis of financial implications of adopting "Ind AS". In this regard with the financial assistance from ADB, we have appointed M/s.KPMG as our Ind AS consultant and the process for the adoption is underway. It is proposed to adopt the same from the FY 2020-21.
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 31st March 2020.	M/s.KPMG has been appointed as consultant with the financial assistance from ADB to reconstruct the Fixed Asset register (FAR) in all the units of TANTRANSCO. The process is expected to be completed before finalisatin of FY 2020-21 accounts.
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. 27,899.70 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.	M/s.KPMG has been appointed as consultant with the financial assistance from ADB to set right the inter-company reconciliation between TANTRANSCO and TANGEDCO and interunit reconciliation among TANTRANSCO circles. The reconciliation will be completed before finalisation of FY 2020-21 accounts.
6	Consumer's contribution for capital projects amounting to Rs. 123,604.18 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.	The records being maintained by project wise will be updated and reconciled by 31.03.2021 since the opening balance under this head has been incorporated as per the final transfer scheme during the FY 2015-16.
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 2020.	Factual
8	Attention is drawn to note 28.35 of the Financial Statements, where the company has acknowledged a liability of Rs. 5287.76 in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2020 and the corresponding impact on statutory liabilities as at 31st March 2020.	The details of the sum mentioned in GSTR 9C is being analysed and appropriate action will be taken in due course.

9	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.	Factual
	Information Other than the Financial Statements and Auditor's Report Thereon	
10	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.	Factual
	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	Factual

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.	Factual
	· 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.	

	Other matter	
	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.	Factual
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;	Factual
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;	Factual
c)	the financial statements dealt with by this report are in agreement with the books of account;	Factual
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;	Factual
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;	Factual
f)	the matters described in paragraph 3-8 under the Basis for Adverse Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;	
g)	we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 06.02.2021 as per Annexure B expressed modified;	Factual
h)	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.	Factual
i)	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:	Factual
	i. The company has disclosed the impact of pending litigations on its financial position in its financial statement.	Factual
	ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	Factual
	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	Factual
	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, 2020)	

	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.	Factual
1(b)	The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	M/s.KPMG has been appointed as consultant with the financial assistance from ADB to reconstruct the Fixed Asset register (FAR) in all the units of TANTRANSCO. The process is expected to be completed before finalisation of accounts for FY 2020-21.
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 TANGEDCO /TNEB and not in the name of TANTRANSCO in many cases, we are unable to comment on the accuracy of the same.	Factual
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, Income tax, Provident Fund contribution, Customs duty, Goods and Service tax and other material statutory dues applicable to it with the appropriate authorities except for a sum of Rs.5287.76 Lakhs of GST payable as per the GSTR 9C filed by the company, as referred in para 8 of our audit report. 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, 2020 for a period of more than six months from the date on when they become payable.	Factual. The details of the sum mentioned in GSTR 9C is being analysed and appropriate action will be taken in due course.

<table>
<tr><td>7(b)</td><td>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, 2020.</td><td>Factual</td></tr>
<tr><td>8</td><td>The Company has taken loans from financial institutions, and from the government as given below, and the Company has not issued any debentures.

Rs. In Lakhs
<table><tr><th>Financial Institution/Agency</th><th>Amount</th></tr><tr><td>Rural Electrification Corporation Ltd (REC)</td><td>283235.99</td></tr><tr><td>Power Finance Corporation Ltd (PFC)</td><td>277354.58</td></tr><tr><td>Japan International Coordination Agency (JICA)</td><td>16249.14</td></tr><tr><td>Asian Development Bank (ADB)</td><td>9819.14</td></tr><tr><td>TOTAL</td><td>586658.85</td></tr></table></td><td>Factual</td></tr>
<tr><td></td><td>The above amount of loan from ADB and JICA does not include the additional liability arising out of foreign exchange loss to the tune of 267.26 Lakhs & 21,251.03 Lakhs respectively which are reinstated to Rs. 10,086 Lakhs and Rs. 37,500 Lakhs respectively.</td><td>Factual</td></tr>
<tr><td></td><td>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 of due</th><th>Amount of Interest due</th></tr><tr><td>JICA (payment of interest due to State Government)</td><td>2018-19
2019-20</td><td>871.49
1042.34</td></tr><tr><td>KFW (payment of interest due to State Government)
Principle</td><td>2018-19
2019-20
2019-20</td><td>679.97
950.64
2864.00</td></tr><tr><td>Total</td><td></td><td>6,408.44</td></tr></table></td><td>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.</td></tr>
<tr><td>9</td><td>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.</td><td>Factual</td></tr>
<tr><td>10</td><td>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.</td><td>Factual</td></tr>
<tr><td>11</td><td>In our opinion, the provisions of section 197 read with Schedule V to the Companies Act regarding the managerial remuneration are not applicable.</td><td>Factual</td></tr>
<tr><td>12</td><td>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.</td><td>Factual</td></tr>
<tr><td>13</td><td>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.</td><td>The transactions with related parties are in compliance with section 188 of Companies Act,2013.</td></tr>
</table>

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
	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, 2020 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

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 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.	Factual
	Basis for Adverse Opinion:	
8(a)	Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.	The financial control framework have been well defined and documented. There are accounting and other manuals, proper delegation of power based on which the entire control framework including financial control frame work is regulated. SAP ERP implementation is expected to go live from 01.04.2021 which will further strengthen our financial control framework.
8(b)	The Company does not have an internal audit system commensurate with the nature and size of its operations.	There is an Internal Audit Department functioning under the control of Senior Deputy Chief Internal Audit Officer to conduct internal audit and to check other internal controls over the system. However, necessary action will be initiated to comply with the provision stated in the Companies Act 2013 to appoint a professional as a internal auditor.

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.	There are well defined accounting manuals regarding capitalisation of Property, Plant and Equipment etc. However steps are being taken to strengthening the same. In this regard, we have appointed M/s. KPMG as consultant with the financial assistance from ADB for reconstructing Fixed Asset Register (FAR) which will further strengthen the existing controls over Property, Plant and Equipment.
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.	Implementation of SAP ERP is under progress. Integration between various functions will be achieved on implementation of ERP which is expected to go live from 01.04.2021
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.	M/s.KPMG has been appointed as consultant with the financial assistance from ADB to set right the inter-company reconciliation between TANTRANSCO and TANGEDCO and interunit reconciliation among TANTRANSCO circles. The reconciliation will be completed during the FY 2021-22.
8(f)	Absence of a process to evaluate internal financial controls and risk management systems by the company as required by section 177(4)(vii) of the Companies Act, 2013.	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.

Chief Financial Controller
For Tamilnadu Transmission Corporation Ltd.

S. DHANDAPANI ACMA., ACS.
Practicing Company Secretary

9/2, Kamakoti Nagar, Valasaravakkam, Chennai-600 087.
E-mail : dhandapani_s3000@yahoo.com
Mobile : 99411 69860
office : +91-44-4269 1639

Annexure-2 Observation on Secretarial Audit

Belated conducting of AGM

The Company has obtained extension time for conduct of AGM for the financial year 2018-19 up to 31st December, 2019. However on reviewing the filings it is seen that the Annual General Meeting for the financial year 2018-19 has been conducted on 19.08.2020. 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.

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.

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.

Place: Chennai-87

Date: 17.02.2021

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

TAMIL NADU TRANSMISSION CORPORATION LIMITED

Observation on Secretarial Audit for the FY 2019-20 and reply furnished.

	Audit Queries raised	Reply
	Belated conducting of AGM The Company has obtained extension time for conduct of AGM for the financial year 2018-19 up to 31st December, 2019. However on reviewing the filings it is seen that the Annual General Meeting for the financial year 2018-19 has been conducted on 19.08.2020. 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.	TANTRANSCO has taken steps to implement integrated system of finalizing the account through ERP software. This problem may be shorted out from the FY 2021-22 & onwards. Moreover, after completion of the audit by the statutory auditor, the same was placed before the CAG audit for their certification. Due to Covid19 All these abnormal delay taken place.
	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.	Taken initiative to appoint the internal auditor from the External audit firm headed by the Chartered Accountants.
	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	The below mentioned exemptions can be availed by a Government Companies as per notification issued by MCA vide notification dated 5th June, 2015 [GSR 463 (E)]

	Audit Queries raised	Reply
	companies under the provisions of the act, The same is to be complied with.	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. All KMP appointments / Charge Creations against all loans are uploaded in the ROC portal as & when Appointment & Cessation of Directors and on signing of the loan documents. At the time of appointment of Directors the shares held in the predecessor is automatically updated in the Shares Certificate after obtained approval from the board.

Statement of Profit and Loss for the year ended 31st March 2020

Amounts in ₹ Lakhs

	Note	As at 31-Mar-2020	As at 31-Mar-2019
INCOME			
Revenue from Operations	21	316,490.55	308,544.40
Other Income	22	20,131.74	13,918.44
Total Revenue		336,622.30	322,462.84
EXPENSES			
Employee Benefit Expenses	23	153,804.62	144,002.37
Finance Costs	24	181,494.08	126,156.16
Depreciation *(Net)*	13	103,951.71	89,776.68
Other Expenses	25	5,431.65	27,771.50
Total Expenses		444,682.05	387,706.71
PROFIT BEFORE PRIOR PERIOD, EXTRAORDINARY, EXCEPTIONAL ITEMS AND TAXATION		(108,059.76)	(65,243.87)
a) Net prior period expenses/(Income)	26	(611.32)	(2,262.93)
b) Extraordinary charges	27	-	510.28
c) Exceptional Item		-	-
PROFIT BEFORE TAXATION		(107,448.44)	(63,491.23)
Less: Provision for Taxation:			
- Current Tax		-	-
- Deferred Tax		-	-
Total Tax Expenses		-	-
NET PROFIT FOR THE YEAR FROM CONTINUNING		(107,448.44)	(63,491.23)
Profit/Loss from Discontinuing Operations		-	-
Tax Expense of Discontinuing Operations		-	-
Profit/ (Loss) from Discontinuing Operations (after Tax)		-	-
NET PROFIT FOR THE YEAR		(107,448.44)	(63,491.23)
Earnings per equity share of Rs.10 each			
1) Basic	28.23	(2.02)	(1.34)
2) Diluted	28.23	(2.02)	(1.32)
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
UDIN NO-21202320AAAAAZ2120

Place: Chennai
Date: 18.02.2021

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

Tamil Nadu Transmission Corporation Limited

CIN: U40109TN2009SGC071948

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

Balance Sheet as at 31st March 2020

Amounts in ₹ Lakhs

	Note	As at 31-Mar-2020	As at 31-Mar-2019
EQUITY AND LIABILITIES			
Shareholders Funds			
(a) Share Capital	3	530,898.35	474,142.77
(b) Reserves and Surplus	4	(144,136.67)	24,037.54
		386,761.67	498,180.31
Share application money pending allotment	5	-	8,293.76
Non-current liabilities			
(a) Long term Borrowings	6	2,183,370.93	1,694,281.34
(b) Other long term liabilities	7	343,863.33	292,078.15
(c) Long term Provisions	8	51,759.93	42,430.37
		2,578,994.19	2,028,789.86
Current liabilities			
(a) Short term Borrowings	9	4,729.44	18,240.29
(b) Trade Payables	10	2,120,628.11	1,939,366.57
(c) Other Current Liabilities	11	231,681.14	283,579.13
(d) Short term Provisions	12	16,873.46	14,814.38
		2,373,912.15	2,256,000.37
TOTAL		5,339,668.01	4,791,264.30
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	13	3,003,402.78	3,035,050.43
(b) Capital Work in Progress	14	1,166,815.21	869,284.46
(c) Long term loans and advances	15	14,558.29	3,489.98
		4,184,776.28	3,907,824.87
Current Assets			
(a) Inventories	16	19,825.87	24,380.15
(b) Trade Receivables	17	1,085,066.87	827,684.43
(c) Cash and Cash Equivalents	18	17,236.31	13,038.79
(d) Short term loans and advances	19	32,555.24	17,246.53
(e) Other Current Assets	20	207.45	1,089.54
		1,154,891.73	883,439.43
TOTAL		5,339,668.01	4,791,264.30
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:002398S

N.Venkateswaran
Partner
M.No : 202320
UDIN NO. 21202320AAAAAZ2120

Place: Chennai
Date: 18.02.2021

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

Notes to Financial Statements for the Year Ended 31st March 2020

3 Share Capital

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Authorised		
10,00,00,00,000 shares of Rs. 10 each (Previous Year 10,00,00,00,000 shares of Rs. 10 each)	100,000,000,000.00	100,000,000,000.00
Issued, Subcribed and Paid up		
5,30,89,83,478 shares of Rs. 10 each (Previous Year 4,74,14,27,678 shares of Rs 10 each)	530,898.35	474,142.77
	530,898.35	474,142.77

(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-2020	As at 31-Mar-2019
Opening number of shares outstanding	4,741,427,678	4,741,427,678
Additions during the year	567,555,800	-
Closing number of shares outstanding	5,308,983,478	4,741,427,678

(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-2020	As at 31-Mar-2019
TNEB Limited	5,308,933,478	4,741,377,678
(% holding)	100.00%	100.00%

4 Reserves and Surplus

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
(a) Foreign Exchange Variance Reserve		
As per last Balance Sheet	-	-
Add: Additions to reserve	-	-
Less: Deductions to reserve	-	-
	-	-
(b) Revaluation reserve		
As per last Balance Sheet	290,014.50	350,720.90
Add: Adjustments to reserve	0.00	19.38
Less: Deductions to reserve	60,725.78	60,725.78
	229,288.73	290,014.50

Notes to Financial Statements for the Year Ended 31st March 2020

(c) Other Reserves		
Insurance Reserve		
As per last Balance Sheet	174,811.11	151,981.14
Add: Additions to reserve	-	22,829.97
Less: Deductions to reserve	-	-
	174,811.11	**174,811.11**
(d) Surplus in the Statement of Profit & Loss		
As per last Balance Sheet	(440,788.07)	(377,296.84)
Add: Profit/(Loss) for the year	(107,448.44)	(63,491.23)
Add/(Less) : Appropriations	-	-
Net Surplus/(Deficit) in the Statement of Profit and Loss	**(548,236.51)**	**(440,788.07)**
	(144,136.67)	**24,037.54**

5 Share application money pending allotment

	-	8,293.76

6 Long term Borrowings

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Secured		
Term Loans from Financial Institutions (Refer Note 28.30(A) for terms of long term borrowings)	1,907,120.80	1,457,922.93
	1,907,120.80	**1,457,922.93**
Unsecured		
Bonds (Refer Note 28.30(B) for terms of long term borrowings	-	-
Term Loans from Financial Institutions (Refer Note 28.30(C) & (D) for terms of long term borrowings)	276,250.14	236,358.41
	276,250.14	**236,358.41**
	2,183,370.93	**1,694,281.34**

7 Other Long term liabilities

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Government Grants	50,720.58	49,078.94
Consumers' Contribution	123,604.18	123,919.46
Earnest Money Deposits and Retention Money	169,538.58	119,079.76
	343,863.33	**292,078.15**

8 Long Term Provisions



Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Employee benefit provisions	51,759.93	42,430.37
	51,759.93	**42,430.37**

Notes to Financial Statements for the Year Ended 31st March 2020

9 Short term borrowings

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Cash Credits from Banks (Refer Note 28.31 for terms of Short Term Borrowings)	4,729.44	18,240.29
	4,729.44	**18,240.29**

10 Trade Payables

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Sundry Creditors for Capital Goods	96,340.15	109,617.59
Sundry Creditors for Goods and services	1,097.41	1,087.54
Dues to related party *(Refer Note below)*	2,023,190.54	1,828,661.45
	2,120,628.11	**1,939,366.57**

Note:
Represents amounts payable to TANGEDCO by the Company.

11 Other Current Liabilities

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Current maturities of long-term borrowing	123,646.87	192,649.62
Interest accrued but not due on borrowings	19,171.64	14,498.67
Interest accrued and due on borrowings	3,542.40	1,760.20
Principal accrued and due on borrowings	2,863.66	-
Other Liabilities and provisions	47,705.90	48,399.35
Consumer's Contribution for capital works in progress	34,689.00	26,221.17
Duties and levies payables	61.66	50.12
	231,681.14	**283,579.13**

12 Short term Provisions

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Employee benefit provisions	16,873.46	14,814.38
	16,873.46	**14,814.38**



Notes to Financial Statements for the Year Ended 31st March 2020

13 Property, Plant and Equipment

Amounts in ₹ Lakhs

Description of Asset	Gross Block				Accumulated Depreciation					Net Block	
	As at 1st Apr 2019	Additions	Disposals	As at 31st Mar 2020	As at 1st Apr 2019	For the year	Disposals	Other adjustments	As at 31st Mar 2020	As at 31st Mar 2020	As at 1st Apr 2019
a) Tangible Assets											
Freehold Land	752,053.74	3,533.18	-	755,586.91	-	-	-	-	-	755,586.91	752,053.74
Buildings	92,235.33	1,675.62	-	93,910.95	14,558.34	2,578.30	-	708.41	17,845.04	76,065.90	77,676.99
Hydraulic works	320.33	29.52	0.03	349.82	236.39	17.19	0.03	-	253.55	96.27	83.95
Other civil works	136,139.56	2,327.10	-	138,466.66	17,886.01	4,386.47	-	12.14	22,284.62	116,182.05	118,253.55
Plant and Machinery	1,221,817.24	65,589.41	119.46	1,287,287.19	313,668.79	45,191.10	89.59	23,274.42	382,044.72	905,242.47	908,148.45
Lines & Cables Network	1,611,237.01	62,305.52	1,898.03	1,671,644.50	434,252.06	51,756.41	96.82	37,267.38	523,179.03	1,148,465.47	1,176,984.95
Vehicles	292.71	51.94	3.24	341.41	183.70	29.78	1.21	(2.13)	210.14	131.27	109.00
Furniture & Fixtures	616.82	12.32	0.30	628.84	286.44	39.09	0.30	0.10	325.34	303.51	330.38
Office Equipment	2,523.93	139.18	19.85	2,643.25	1,114.53	219.73	4.43	(15.48)	1,314.35	1,328.90	1,409.39
Assets not in use										0.02	0.01
TOTAL	3,817,236.66	135,663.78	2,040.91	3,950,859.53	782,186.25	104,218.08	192.39	61,244.84	947,456.78	3,003,402.78	3,035,050.43
Depreciation capitalised (Refer note no.28.3)						73.98					

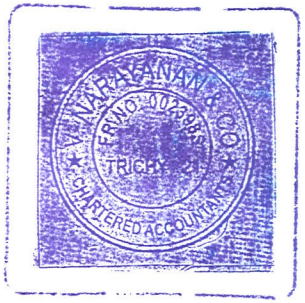
Amounts in ₹ Lakhs

14

Particulars	As at 1st Apr 2019	Net Additions		As at 31st Mar 2020
Capital Work-in Progress *	869,284.46	297,530.75	-	1,166,815.21

3,195,272.62

* Includes construction activities performed on behalf of TANGEDCO.



Notes to Financial Statements for the Year Ended 31st March 2020

15 Long term loans and advances

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Unsecured , Considered good		
Capital advances(Refer Note 28.27)	13,884.27	2,816.76
Security and other deposits	674.02	673.22
	14,558.29	3,489.98

16 Inventories

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Capital Stores and Spares	19,825.87	24,380.15
	19,825.87	24,380.15

17 Trade Receivables

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
17.1 Outstanding for a period exceeding six months		
Unsecured, Considered good *(Refer Note below)*	1,011,647.46	803,689.11
Unsecured, Considered doubtful	-	-
	1,011,647.46	803,689.11
Provision for doubtful receivables	-	-
	1,011,647.46	803,689.11
17.2 Others		
Unsecured, Considered good	73,419.41	23,995.31
Unsecured, Considered doubtful	-	-
	73,419.41	23,995.31
Provision for doubtful receivables	-	-
	73,419.41	23,995.31
	1,085,066.87	827,684.43

Note:
- Includes amounts receivable of Rs 10,00,569 Lakhs (Previous Year Rs 7,90,895 Lakhs) from 'TANGEDCO by the Company.

18 Cash and Cash Equivalents

Amounts in ☐ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Balance with Banks		
- In Current Account	17,109.84	12,822.53
- In Short Term Deposits	-	38.50
Cheques in hand	126.46	177.75
Cash on hand	-	-
	17,236.31	13,038.79



Notes to Financial Statements for the Year Ended 31st March 2020

19 Short term Loans and Advances

Amounts in ₹ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Unsecured , Considered good		
Loans and advances to staff	4,198.09	3,604.06
Amounts recoverable from staff	95.39	86.07
Advances to suppliers	6.31	15.13
Tax Deducted at Source	355.74	10.42
	4,655.53	3,715.68
Add: Unreconciled Interunit balances (Refer note no.28.8)	27,899.70	13,530.85
	32,555.24	17,246.53

20 Other Current Assets

Amounts in ₹ Lakhs

	As at 31-Mar-2020	As at 31-Mar-2019
Unbilled Revenue	207.45	1,089.54
	207.45	1,089.54



Notes to Financial Statements for the Year Ended 31st March 2020

21 Revenue From Operations

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Transmission charges	2798,20,59,990	2804,37,62,225
Scheduling and System Operating Charges and Other operating income	366,69,95,215	2,810,678,047
	3164,90,55,205	3085,44,40,272

22 Other Income

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Interest on staff loans and advances	1,45,23,599	1,29,92,829
Interest from Banks	0	6,13,233
Income from sale of scrap	88,34,034	91,97,297
Miscellaneous Receipts including Liquidated damages recove	198,98,16,683	136,90,40,310
	201,31,74,316	139,18,43,669

23 Employee Benefits Expense

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Salaries and allowances	10,910,183,031	10,354,986,163
Bonus	171,284,262	165,467,568
Contribution to Provident and Other Funds	281,614,292	249,604,533
Terminal Benefits	5,405,606,982	4,901,400,659
Staff Welfare Expenses	6,424,744	5,860,881
Director's Remuneration (Refer note no.28.22)	16,030,757	12,037,712
	16,791,144,068	15,689,357,516
Less:		
Employee Benefit Expense Capitalised	1,410,682,160	1,289,120,548
	1538,04,61,908	1440,02,36,969

24 Finance Costs

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Interest expenses		
- Bonds	311,026,074	750,547,207
- Term loans	19,484,999,622	15,730,866,677



Notes to Financial Statements for the Year Ended 31st March 2020

- Working capital Loan	85,553,272	89,830,663
- Interest on Provident and Pension Funds	567,000,903	518,108,159
Processing and Commitment charges	22,597,552	40,704,864
Other Finance costs		
Guarantee commission	66,322,931	96,947,697
Penal Interest	-	2,522,665
Other costs	2,502,250,196	350,877
	23,039,750,551	17,229,878,809
Less:		
Interest and finance costs capitalised	489,03,42,927	461,42,62,912
	1814,94,07,624	1261,56,15,897

25 Other Expenses

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Insurance	1,343,387	2,284,464,177
Repairs and Maintenance		
- Plant & Machinery	189,398,170	221,812,930
- Buildings and Civil works	20,390,942	11,523,802
- Lines, Cables and Networks	48,632,911	27,606,524
- Others	9,179,368	8,894,025
Rent/Rates and Taxes	27,528,347	22,812,377
Telephone/Postage/Telegram/Telex charges	10,912,445	11,674,692
Legal and consultancy charges	19,134,724	31,847,883
Conveyance & Travel	185,759,583	174,760,263
Printing & Stationery	5,348,687	4,456,630
Watch and Ward Expenses.	129,765,348	145,113,948
Freight	6,592,062	6,504,537
Audit Fees *(Refer Note below)*	1,298,000	1,091,500
Miscellaneous Expenses	65,340,378	50,676,563
	720,624,350	3,003,239,850
Less:		
Other Expenses Capitalised	177,459,216	226,090,232
	543,165,134	2,777,149,618
Note: Payment to Auditors (including taxes) for		
- Statutory audit	850,000	750,000
- Certification	-	-
- Expenses	250,000	175,000
- For Taxes	198,000	166,500
	1,298,000	1,091,500

26 Net prior period Expenses/(Income)

Amounts in ₹

Notes to Financial Statements for the Year Ended 31st March 2020

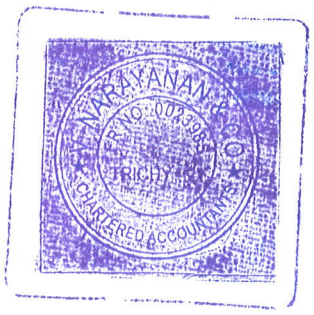
	As at 31-Mar-2020	As at 31-Mar-2019
Prior Period Income		
Receipts from consumers	174,482,927	-
Interest Income	1,415	551,610
Excess depreciation provided	-	-
Excess provision for Finance costs	72,719,553	70,236,178
Excess provision - Others	78,549,657	145,214,289
Other income	99,769,490	297,514,639
	425,523,041	**513,516,715**
Prior Period Expenses		
Employees cost under provided	163,174,644	133,163,196
Depreciation under provided	35,717,265	1
Finance costs under provided	20,962,531	25,309,551
Other charges under provided	144,536,720	128,701,716
	364,391,159	**287,224,189**
Net Prior period expenses/(Income)	**(61,131,882)**	**(226,292,526)**

27 Extraordinary items (Net)

Amounts in ₹

	As at 31-Mar-2020	As at 31-Mar-2019
Extra-ordinary items (net of subsidies recevied against loss on account of flood, fire, cyclone)	-	51,028,450
Extraordinary items (Net)	**-**	**51,028,450**

Depreciation and other related costs capitalised	7,398,177	4,859,800



Tamil Nadu Transmission Corporation Limited

CIN: U40109TN2009SGC071948

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

Statement of Cash Flows for the year ended 31st March 2020

Amounts in ₹ Lakhs

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
Cash flow from operating activities		
Profit before Taxation	(107,448.44)	(63,491.23)
Adjustments for :		
Depreciation and amortization expenses	104,544.75	89,796.21
Interest Income	-	(6.13)
Finance Costs	181,494.08	126,156.16
Insurance Reserve	-	22,829.97
Unrealised foreign exchange loss	-	-
	178,590.39	175,284.97
Operating profit before working capital changes		
Movements in working capital:		
(Increase) / Decrease in inventories	4,554.28	(2,878.38)
(Increase) / Decrease in trade receivables	(257,382.44)	(140,521.31)
(Increase)/Decrease in Short term loans and advances	(15,308.71)	(13,618.38)
(Increase)/Decrease in Other current assets	882.09	(745.11)
(Increase)/Decrease in Long term loans and advances	(11,068.31)	(438.13)
Increase/(Decrease) in Other long term liabilities	51,785.18	43,699.77
Increase/(Decrease) in Long term provisions	9,329.56	8,389.70
Increase/(Decrease) in Trade Payables	181,261.53	187,628.53
Increase/(Decrease) in Other Current Liabilities	(51,898.00)	(30,293.44)
Increase/(Decrease) in Short term provisions	2,059.08	(1,078.66)
	(85,785.74)	50,144.58
Cash Generated from Operations	92,804.65	225,429.56
Income taxes paid	-	-
Net cash generated from operating activities (A)	92,804.65	225,429.56
Cash flow from investing activities		
Purchase of Property, Plant and Equipment *(Net)*	(133,622.87)	(111,616.52)
Movement in Capital Work in Progress	(297,530.75)	(253,919.51)
Interest received	-	6.13
Net cash used in investing activities (B)	(431,153.62)	(365,529.89)
Cash flow from financing activities		
Proceeds / (Repayment) of long term borrowings	489,089.59	251,710.89
Proceeds / (Repayment) of short term borrowings	(13,510.84)	7,033.05
Proceeds from issuance of share capital	56,755.58	-
Share application money pending allotment	(8,293.76)	8,293.76
Finance Costs	(181,494.08)	(126,156.16)
Net cash used in financing activities (C)	342,546.49	140,881.54

NARAYANAM & CO. CHARTERED ACCOUNTANTS TRICHY

Tamil Nadu Transmission Corporation Limited

CIN: U40109TN2009SGC071948

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

Statement of Cash Flows for the year ended 31st March 2020

Amounts in ₹ Lakhs

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
Net increase in cash and cash equivalents(A+B+C)	4,197.52	781.20
Cash & cash equivalents at the beginning of the year	13,038.79	12,257.59
Cash and cash equivalents at the end of the year	17,236.31	13,038.79
Components of cash and cash equivalents		
Balance with Banks		
- In Current Account	17,109.84	12,822.53
- In Short Term Deposit	-	38.50
Cheques in hand	126.46	177.75
Cash on hand	-	0.00
Total cash and cash equivalents	17,236.31	13,038.79

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

N.Venkateswaran
Partner
M.No : 202320
UDIN No.21202320AAAAAZ2120

Place: Chennai
Date: 18.02.2021

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

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 financial statements have been prepared based on the closing balances of individual accounts, which are arrived as a cumulative figure of opening balances adopted from previous year audited financials, to which the current year transaction net balances are added/ subtracted. This is done at consolidated level at Head Quarters while preparing final financials.

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.

(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.

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.

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.

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.

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 2020 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.

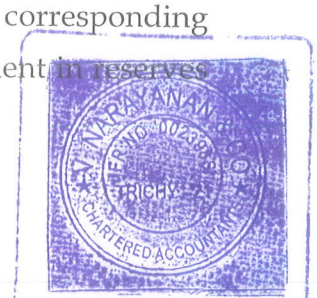
Borrowing cost related to the acquisition or construction of the qualifying Property, Plant & Equipment for the period up to the completion of their acquisition or constructions is capitalized.

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

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.

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.

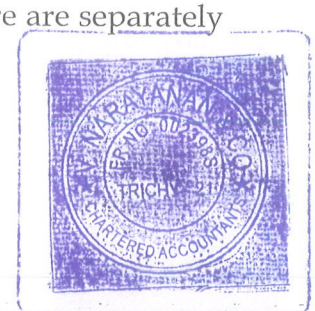
2.16 Taxation

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, 2020.

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

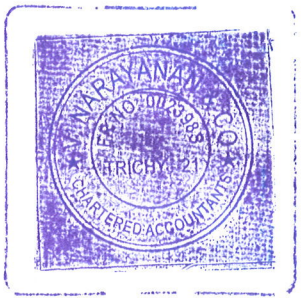
2.17 Impairment of Assets

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.



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).

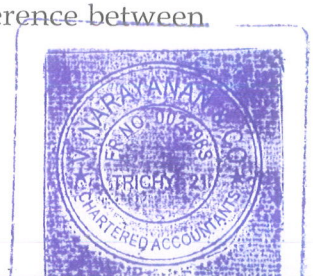
In the 3rd AGM of the company held on 27.09.2012, the authorized share capital of the Company was increased to Rs.5000 Crores (500 Crores Equity shares of Rs.10 each).

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 31.3.2020 is Rs. 53,08,98,34,780/-. 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 in 2018-19 which has been allotted in FY 2019-20 and added to issued, subscribed and paid-up Share Capital as on 31.03.2020. A sum of Rs. 484,61,82,000 (484618200 Equity share of Rs.10/- Each) has been received from GoTN during FY 2019-20. The allotment of Rs. 484,61,82,000/- was approved by Board in its meeting held on 31.03.2020 and necessary RoC allotment formalities have been completed thereafter in the FY 2020-21.

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:

(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 3,64,354.59 Lakhs from Financial Year 2014-15 to 2019-20.

Depreciation to the tune of Rs 73.98 Lakhs (Previous Year Rs 48.60 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 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 31.3.2020 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 31.3.2020 for the KfW Germany Loan is duly provided in the accounts.

Loan from ADB

Certain Transmission Schemes of TANTRANSCO have been tied up with financial assistance from ADB, for a total project cost of Rs. 4332.57 Crores(USD 635.50Mn). The total project cost is met out by way of loan from ADB for USD 451 Mn and by way of Equity from Govt of Tamil Nadu for the balance amount which approximately works out to Rs. 1000 crores. The Govt. of Tamil Nadu has accorded administrative sanction for the total project cost of Rs. 4332.57 crore vide G.O. (Ms) No.90 Energy (C2) Department dated 20.11.2019.

The interest and commitment charges upto 31.3.2020 for the ADB Loan is duly provided in the accounts.

Accounting of JICA, KfW and ADB 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 21251.03 Lakhs, Rs. 3501.31 Lakhs and Rs. 267.26 Lakhs in respect of JICA, KfW and ADB respectively representing loss for the year has been debited to Statement of Profit and Loss Account.

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

28.6 The balance as on 31.3.2020 in sundry creditors, Sundry debtors, and Loans & Advances are subject to confirmation.

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. 27,899.70Lakhs (PY: 13,530.85Lakhs), disclosed as Unreconciled Inter-Unit balances, is included in the Company's Short-term Loans and advances for the year ended 31st March 2020. 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. 2,023,190.54 Lakhs (PY: 1,828,661.45 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. 48339.24 Lakhs (Previous Year Rs. 45,559.34 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).

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 1.4.2019 to 31.03.2020 are made by TANGEDCO and provision of one seventh of the total liability towards TANTRANSCO's share for the FY 2019-20 to the tune of Rs. 47007.00 Lakhs has been made in the accounts.

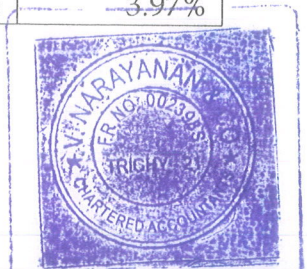
28.15 In respect of construction contract services undertaken by the Company for TANGEDCO, the transactions are recorded through the Capital Work in Progress Account. Accordingly, the Capital work in Progress as on 31.03.2020 includes work in progress undertaken for TANGEDCO.

28.16 The company has not provided 1% insurance reserve on net fixed assets excluding land for the current year.

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	2019-20	2018-19
1.	Energy injected from Generator/Inter-State (in MU)	1,09,453.37	1,09,578.66
2	Energy fed to EHT/HT consumers and total consumption at SS end of 22/11 KV	1,05,153.15	1,05,232.91
3	**Total Transmission Loss**	4,300.22	4,345.76
4	% of Loss	3.93%	3.97%



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.

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.

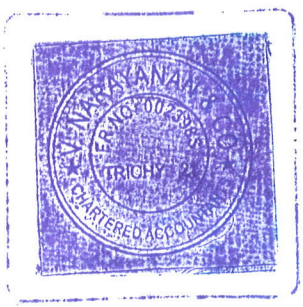
28.22 **Related Party Disclosure**

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 & Director Operations (a/c)
3.	Thiru T Sentilvelan	Director Transmission Projects
4.	Tmty 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	- (-)	- (-)	56755.58- (-)
3.	Revenue From Transmission of Power	226981.01 (226528.04)	- (-)	- (-)
4.	Directors' Remuneration	- (-)	160.31 (120.38)	- (-)
5.	Net intercompany transactions during the year on account of staff payments, material transfers, capital works etc.	-211835.89 (15459.17)	- (-)	- (-)
6.	Net intercompany balance as at the end of the year (subject to reconciliation)	1022621.33 (1037766.45)	- (-)	- (-)

Note:

1. Previous year figures have been indicated in brackets

28.23 **Earnings Per Share**

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Nominal value of equity shares (Rs.)	10	10
Profit attributable to equity shareholders - *(A) (Rs.)*	-1,07,448.44	-63,491.23
Weighted Average Number of Equity Share outstanding during the year – *(Numbers) (B)*	5,30,89,83,478	4,74,14,27,678
Basic earnings per equity shares *(A/B) (Rs.)*	**-2.02**	**-1.34**
Dilutive effect on profit *(C)(Rs.)*	-	-
Profit attributable to equity Shareholders for computing diluted EPS *D=(A+C)(Rs.)*	-1,07,448.44	-63,491.23

Dilutive effect on weighted average number of equity shares outstanding during the year *(E)*	-	8,29,37,600.00
Weighted average number of equity shares for computing Diluted EPS *F=(B+E)*	5,30,89,83,478.00	4,82,43,65,278.00
Diluted Earnings Per Share *(D/F) (Rs.)*	**-2.02**	**-1.32**

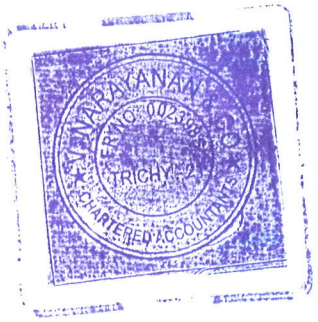
28.24 **Contingent Liabilities**

The Company has Income Tax disputes for various Assessment Years from Assessment Year 2011-12 to 2017-18 which do not have any implication of Income tax demands and consequently no provision is required to be made in the books of account. 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 2018-19 and 2019-20, assessment is yet to be completed. The company has a demand of Rs. 8.96 crores under TDS default which is expected to be nullified on rectification of Quarterly Returns which is under process.

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.227.46 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. A sum of Rs. 1500.63 Lakhs has been availed by TANGEDCO as rebate during FY 2019-20. The rebate so availed by TANGEDCO is shown as receivable by TANTRANSCO.

28.27 The commitment on capital expenditure on contract pending execution as on 31.3.2020 is Rs.855596.39 Lakhs (Previous Year Rs. 182158 Lakhs) against which advance of Rs.13884.27 Lakhs (Previous Year Rs. 2816.76 Lakhs).

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").

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-20	Repayment terms incl. moratorium & frequency	Rate of Interest Range	Security
Rural Electrification Corporation (REC)	108,30,92.16	13 to 18; Yearly	10% to 12.25%	Hypothecation of Concerned Project Assets & General Assets wherever applicable
Power Finance Corporation (PFC)	78,62,82.78	Construction period + 15; Quarterly	10.50% to 12.50%	Hypothecation of Concerned Project Assets & General Assets wherever applicable
NABARD	145,89.71	15; Quarterly	10.75%	Hypothecation of Concerned Project Assets & State Govt Guarantee
HUDCO	542,68.66	15; Quarterly	10.50%	Hypothecation of General Assets
PTC Financial Services	30,000	15; Monthly	9.75% to	Hypothecation of General Assets

V. NARAYANAN & CO. F.R.NO. 00239S TRICHY-2 CHARTERED ACCOUNTANTS

Notes forming part of the Financial Statements for the Year Ended 31st March 2020

Name of the lender	Amount outstanding on 31-Mar-20	Repayment terms incl. moratorium & frequency	Rate of Interest Range	Security
			10.75%	
Bank of Baroda	4,95,07.99	10; Monthly	9.45%	Hypothecation of General Assets
TOTAL *	201,77,41.30			
TOTAL outstanding on 31-Mar-19	154,76,18.39			

** Includes Non-Current portion of Rs.190,71,20.80 Lakhs (Previous Year Rs 145,79,22.93 Lakhs) and current portion of Rs 11,06,20.50 Lakhs (Previous Year Rs 89,695.46 Lakhs)*

B. Bonds Unsecured guaranteed by State Government

Rs in Lakhs

Type of Bond	Amount outstanding on 31-Mar-20	Repayment terms incl. moratorium & frequency
TNEB Bonds *	5.06	Unclaimed bonds of erstwhile TNEB Ltd.
TOTAL *	5.06	
TOTAL outstanding on 31-Mar-19	603,17.06	

** Includes Non-Current portion of Rs. Nil (Previous Year Nil) and current portion of Rs 5.06 Lakhs (Previous Year Rs 60,317.06 Lakhs)*

C. Unsecured Term Loans from Financial Institutions

Rs in Lakhs

Name of the lender	Amount outstanding on 31-Mar-20	Repayment terms incl. moratorium & frequency	Rate of Interest Range	Security
Life Insurance Corporation of India	174,76.53	18; Half yearly	8.8% to 13%	State Government Guarantee
TOTAL *	174,76.53			
TOTAL outstanding on 31-Mar-19	57,469.86			

** Includes Non-Current portion of Rs 108,16.53 Lakhs (Previous Year 17,476.53 Lakhs) and current portion of Rs 66,60.00 Lakhs (Previous Year Rs 39,993.33 Lakhs)*

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

Rs in Lakhs

Name of the Lender	Amount outstanding on 31-Mar-20 (At reinstated value)	Repayment terms incl. moratorium & frequency	Rate of Interest Range
Loan from GoTN (JICA)	203506.68	30; Half Yearly	0.55
Loan from GoTN (KFW)	56156.79	15; Half Yearly	1.63
Loan from GoTN (ADB)	10086.40	15; Half Yearly	LIBOR (+) 0.50%
Loan from GoTN	20,45.06	15; Half Yearly	11%
TOTAL *	**271794.92**		
TOTAL outstanding on 31-Mar-19	**2,21,525.65**		

** Includes Non-Current portion of Rs 265433.61 Lakhs (Previous Year 2,18,881.88 Lakhs) and current portion of Rs 63,61.31 Lakhs (Previous Year 2643.77 Lakhs)*

Reflected in Balance Sheet under

Rs in Lakhs

	As at 31.03.2020	As at 31.03.2019
Note no.6	21,83,370.93	16,94,281.34
Note no.11	1,23,646.87	1,92,649.62



28.31 Terms of Short Term Borrowings

(Rs in Lakhs)

Name of the bank	Facility	Outstanding as per books	Limit	Rate of interest	Security
State Bank of India	Cash Credit	3830.70	9000	10.55%	Book debts
Canara Bank	Cash Credit	898.74	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/ 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 Tamil Nadu 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. 29.69 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.



Notes forming part of the Financial Statements for the Year Ended 31st March 2020

28.34 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.

28.35 The Company has subsequent to year end filed its annual return pertaining to FY 2018-19 and acknowledged a GST liability of Rs.5287.76 Lakhs. However, the same has not been provided in the books of accounts. In addition, no annual returns were filed for FY 2019-20. The company is in the process of ascertaining the GST liability (if any) for the current year and pending completion of the said process, no liability has been provided in the books.

For V.Narayanan & Co.,
Chartered Accountants
FR No.002398S

N.Venkateswaran
Partner
Membership No. 202320
UDIN No. 21202320AAAAAZ2120

Place: Chennai
Date: 18-02-2021

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