TAMIL NADU TRANSMISSION CORPORATION LIMITED

12th ANNUAL REPORT
2020-21

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

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TAMILNADU TRANSMISSION CORPORATION LIMITED
12th Annual Report for the period of 2020-21

CORPORATE DETAILS

BOARD OF DIRECTORS*		
Sl.No.	NAME OF THE DIRECTOR	DESIGNATION
1.	Thiru.Pankaj Kumar Bansal, I.A.S.	Chairman/TANTRANSCO, Additional Chief Secretary to Government, GOTN
2.	Thiru. S. Krishnan, I.A.S.	Nominee Director Additional Chief Secretary to Government, Finance Department, GOTN Ex-officio Director, TANGEDCO, TANTRANSCO& TNEB Ltd.
3.	a.Thiru. A.Karthik, I.A.S.	Nominee Director Principal Secretary to Govt., Energy Department, GOTN Ex-officio Director, TANGEDCO, TANTRANSCO& TNEB Ltd.
	b.Thiru. S.K.Prabakar, I.A.S.	Nominee Director Principal Secretary to Govt., Energy Department, Ex-officio Director, TANGEDCO, TANTRANSCO& TNEB Ltd
4.	Thiru. V. Arun Roy, I.A.S.	Nominee Director Special Secretary to Govt., Industries Department, GOTN
5.	Dr.S.Vineeth, I.A.S.,	Joint Managing Director
6.	Thiru.Prashant M.Wadnere, I.A.S.	Joint Managing Director/Finance
7.	Er. S.Shanmugam, B.E.	Managing Director, Director/Operation (FAC)
8.	Er. T. Senthilvelan, B.E.	Director/Transmission Projects
9.	Tmy.M. Maheswari Bai, B.Com., ACMA	Director/ Finance/ TANTRANSCO
10.	Tmty. M. A. Helen, M.E.	Part Time Director, TANTRANSCO
11.	Er.R. Ethiraj, B.E.	Part time Director, TANTRANSCO
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 31.03.2021

DIRECTORS' REPORT

Dear Members,

The Board of Directors of Tamil Nadu Transmission Corporation Limited (TANTRANSCO) have immense pleasure in presenting its 12th Annual Report for the Financial Year 2020-21.

2 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 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 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 asiswhereis 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 FINANCIAL PERFORMANCE

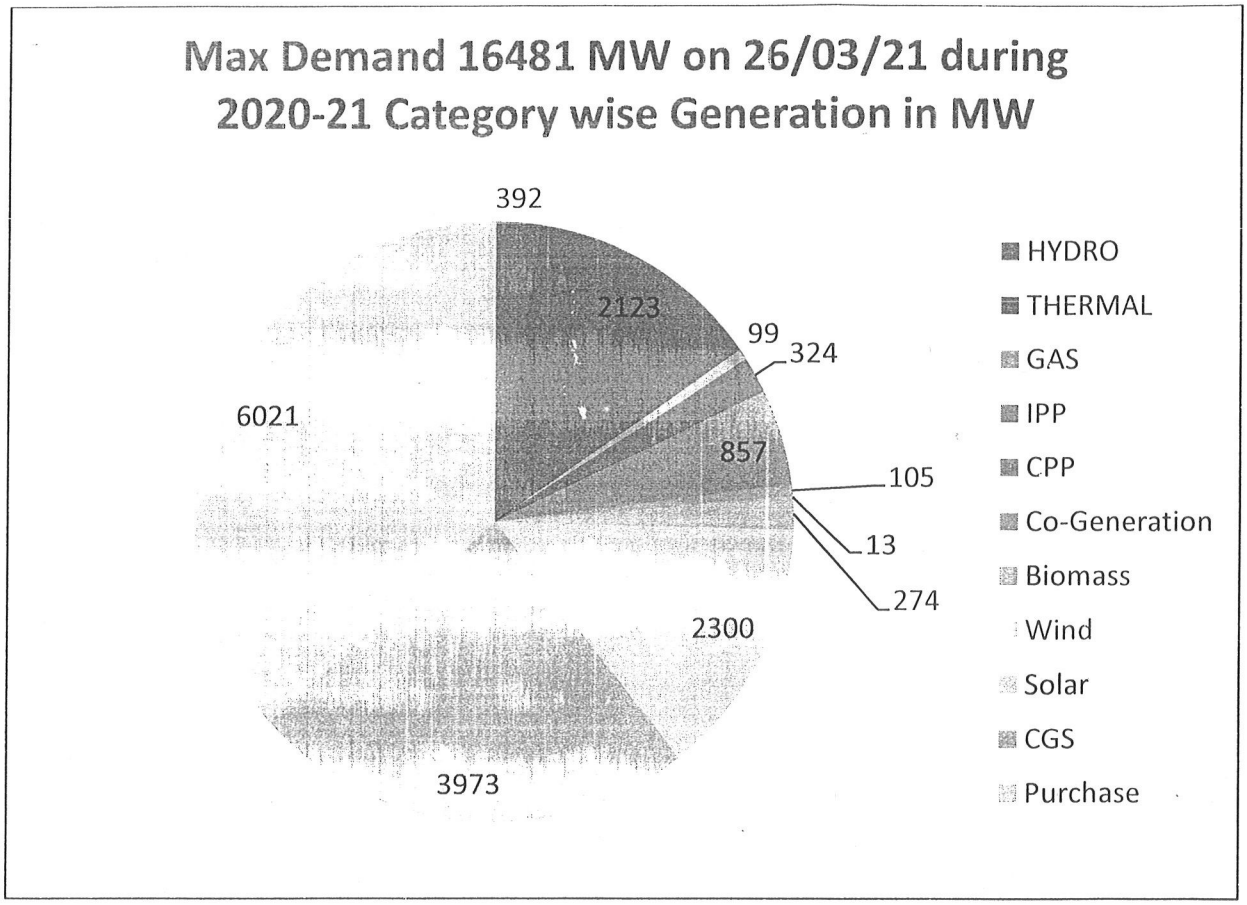
5.1 In the 1st AGM of TANTRANSCO held on 07.12.2010, the authorized share capital of the Company was increased to Rs.2500 Crores (250 Crores Equity Shares of Rs.10 each). Subsequently, the authorized share capital of the Company was increased to Rs.5000 Crores (500 Crores Equity shares of Rs.10 each) 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

(In Rs. Crores)

	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Income		
Revenue from operations	3122.77	3164.91
Other income	268.29	307.97
Total income	**3391.06**	**3472.88**
Expenses		
Employee benefits expense	3506.87	3787.98
Finance costs	1602.25	1508.06
Depreciation & amortization expense	1491.07	1414.16
Other expenses	193.14	298.39
Total expenses	**6793.33**	**7008.59**
Profit (loss) before tax	**(3402.27)**	**(3535.71)**
Tax expense:		
Current tax	-	-
		-
Deferred tax	-	
Profit (loss) for the year	**(3402.27)**	**(3535.71)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		989.96
Remeasurement of defined benefit plan	1651.71	
Income tax relating to items that will not be reclassified to profit or loss (net)	-	-
Total other comprehensive income	**1651.71**	**989.96**
Total comprehensive income for the year	**(1750.56)**	**(2545.75)**

6 State of Company's Affairs and Future Outlook



6.1 Overview of Journey during the last six years till March 2021.

We have built and own 1053 number of substation as on 31st March 2021 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.

S.No.	Voltage Class	Substations Commissioned during 2020-21(Nos.)	Substations as on 31.3.2021 (Nos.)	EHV Network during 2020-21 (Ckm)	EHV Network as on 31.3.2021 (Ckm)
1	66 kV	-	3	-200.000	283.000
2	110kV	29	925	597.000	20344.501
3	230 kV	3	109	549.000	11122.706
4	400 kV	-	16	104.000	4211.586
	TOTAL	32	1053	1050.000	35961.793

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 35961 Ckm as on 31st March 2021.

Transmission loss :

Transmission Loss		
S.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
11	2020-21	3.90

6.2 Major initiatives by TANTRANSCO

- In order to strengthen the transmission network, every year the new/addition transmission system has been developed by TANTRANSCO by establishment of AIS – Air insulated Substations / GIS – Gas Insulated Substations, erection of Extra High Tension Lines (EHT), Laying of UG Cables, additional/Enhancement of Transformers in the existing Substations, thereby Transmission System in the State has been consistently strengthened and enhanced to meet power quality requirements.

- Among all State Transmission utilities in India, TANTRANSCO is the first utility to erect a 765 KV transmission network. The high capacity transmission system facilitates transfer of bulk power to the load centre with minimum power loss and requires minimum transmission circuits thereby achieving high efficiency in transmission system. The development of 765 kV transmission system in Tamil Nadu will enhance the reliability and overall Performance of Power System in the State.

- 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 arrangements, 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.

- The natural disasters such as flood and cyclone cause extensive damages to transmission networks resulting in widespread 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, purchase order placed for the procurement of 2 sets of ERS suitable up to 765 kV for immediate and

Temporary restoration of Transmission network whenever natural disasters such as flood and cyclone cause extensive damages to transmission networks at a cost of Rs.32 Crore.

- TANTRANSCO has planned to strengthen the transmission network by replacing the existing conductor using High Temperature Low Sag conductor (HTLS) which will enhance the power transfer capability of the existing transmission lines without changing the towers or expanding the Right of Way (RoW) or upgrading the transmission voltage level. Initially, 2 nos. 110 kV schemes are evolved with replacement of existing conductor with HTLS conductors in 110 kV line from Kundah PH - II to Thudiyalur 230 kV SS and Kodayar –Kayathar 110 kV line. The above two schemes have been completed and lines energized.

6.3 Challenges before Transmission License

(i) Apart from establishment of new EHT Substations, lines and repairing of transformers, Transmission wing also plays a major role in restoration of supply in Substation and lines after natural calamities such as flood and cyclone.

(ii) The progress of work has been delayed due to the following:

(a) Objection by Landowners for erecting towers and consequent court cases.
(b) Objection by farmers association for erecting the EHT lines in the agricultural land.
(c) Delay in obtaining approvals from Railways, Forest Department, NHAI etc.,
(d) Delay in getting required details from district administration for making payment of crop compensation.
(e) Delay in obtaining permission from Corporation, PWD, NHAI and Police Dept., for cable laying works.

(iii) The following efforts are being taken up by TANTRANSCO for resolving Right of way issues and commission the lines at the earliest for seamless power transfer.

1. TANTRANSCO is paying crop compensation based on the rates assessed by revenue authorities for various types of crops damaged and various types of trees removed which are essentially required to have adequate vertical and horizontal clearances as prescribed by the Indian Electricity Rules. Also, as per the guide lines formulated by Ministry of power/GoI, G.O. (Ms) No. 63 dt 22.11.17 has been issued towards compensation at 85% of land value for tower base area and compensation towards

diminution of land value in the width of Right of Way (RoW) corridor due to laying of transmission line subject to a maximum of 15% of land value for transmission lines of 110 kV and above subject to the condition that it will be applicable only to new projects with prospective effect. Further amendment has been issued vide G.O. (MS) No.86, dt.30.10.2019 for the payment of land compensation at 100% of land value for tower base instead of 85% and 20% of land value for Right of Way corridor instead of 15%.

2. Subsequently, vide Letter (Ms) No.41/A1/2018, dated:16.05.2018, from the Principal Secretary to Government (FAC), addressed to the Chairman, Tamil Nadu Transmission Corporation Limited, the procedure for private negotiation cases towards payment of Right of Way compensation have been issued as below:

   "The orders issued in G.O.(Ms) No.63. Energy (A1) Department, dt.22.11.2017, to pay compensation towards damages in regards to Right of Way for transmission lines, as stipulated in section 67 & 68 of the Electricity Act, 2003 read with section 10 & 16 of Telegraph Act, 1885 may be continued as it is. However only in the case of acquiring Right of Way for transmission lines through private negotiation, which will avoid unnecessary litigation for enhanced compensation, as in the case of land acquisition, the negotiated value of land may be determined as per the Revenue and Disaster Management Department, G.O.(Ms) No. 281, dated.07.09.2017, which can then be adopted as the basis of compensation for such Right of Way as suggested in the G.O.(Ms) No.63, dt.22.11.17."

3. Based on the above, a meeting have been convened by Chief Secretary/ GOTN on 23.05.18, 12.11.18, 11.12.18, 04.06.19, 22.07.19, 17.09.2019, 10.02.2020, 07.10.2020 and 15.12.2020 with TANTRANSCO, PGCIL and concerned District Collectors and directed to Co-ordinate and resolve the RoW issues early.

There is significant improvement in resolving RoW issues, after the meetings and works are under progress.

6.4State 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.

6.5 Highlights for the FY 2020-21 are as under:

i. Maximum State Demand catered was 16,481 MW reached on 26.03.2021.

ii. System frequency

Frequency Profile for 2020-21:

Percentage of time when frequency was between

i)	< 49.9 Hz	5.28 %
ii)	49.90 Hz to 50.05 Hz	77.92 %
iii)	> 50.05 Hz	16.8 %
iv)	Average frequency for the year	50.00 Hz.

iii. **Energy demand catered**

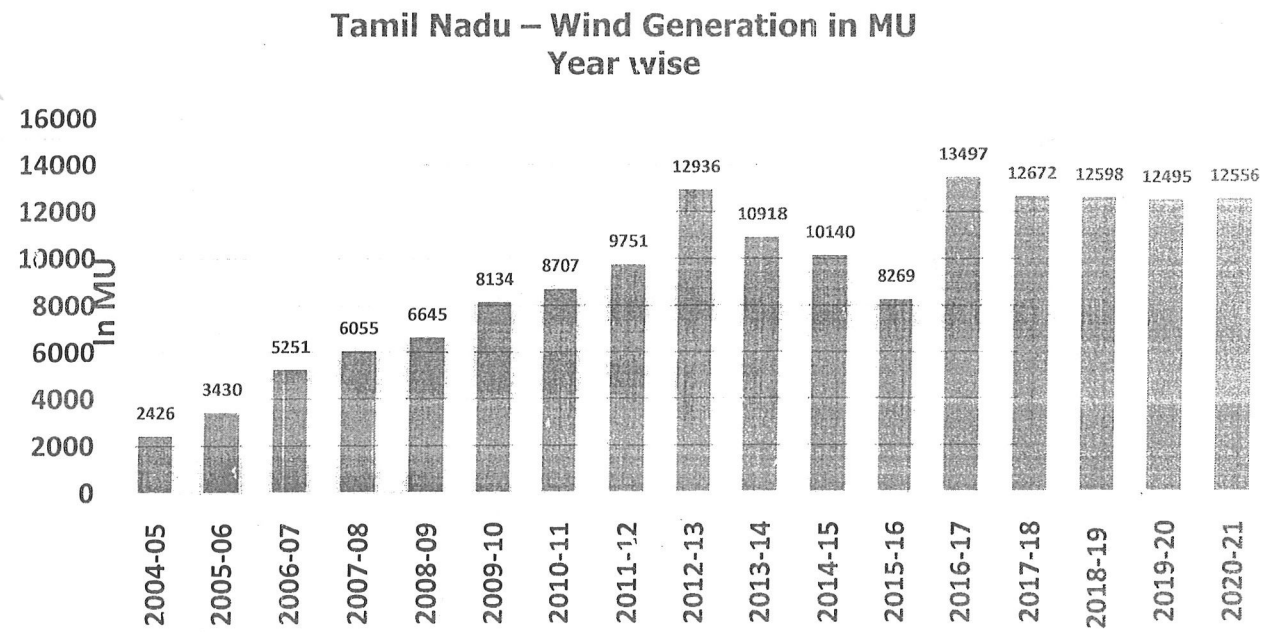
Details	Achieved	Date
Consumption	362.073 MU	27-03-2021
Demand	16481 MW	26-03-2021
Wind Energy	107.552MU	07-08-2020
Wind Generation	5129MW	07-08-2020
Solar Energy	22.7MU	12-02-2021
Solar Generation	3152MW	10-02-2021
Chennai Consumption	66.427MU	16-10-2020
Chennai Demand	3127 MW	17-06-2020

6.6 Generation capacity as on 31.03.2021

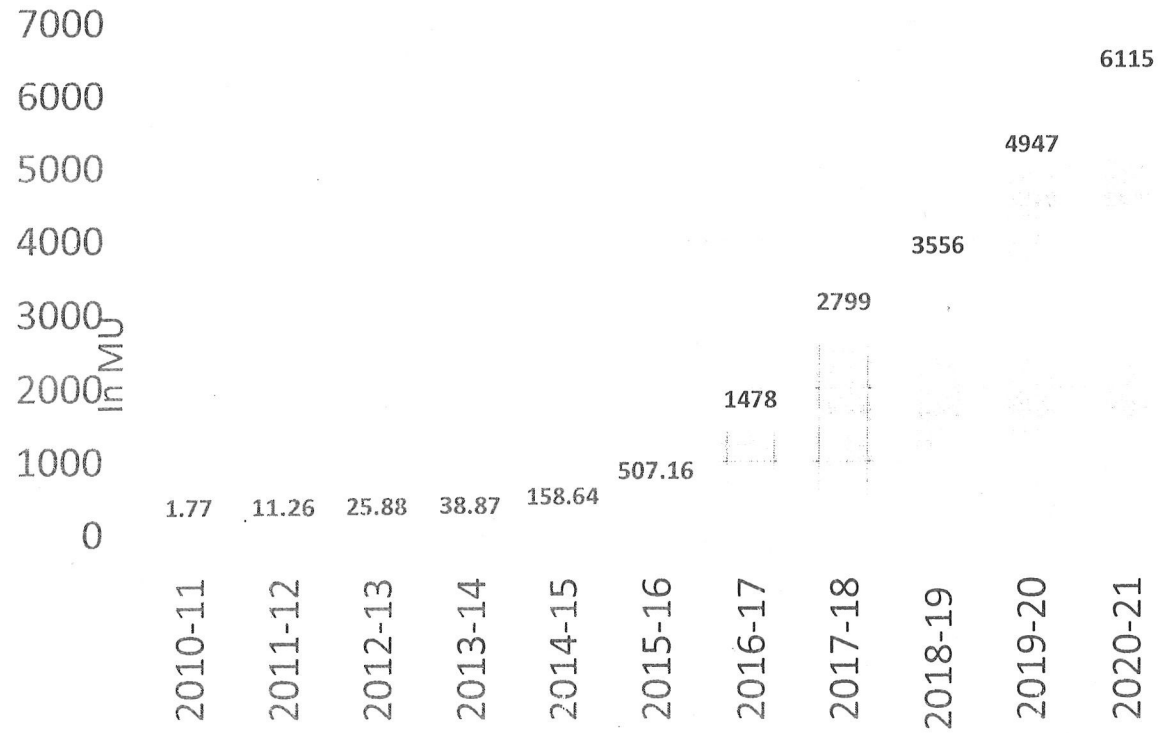
Generator	Installed capacity in MW
TN Hydro	2322
TN Thermal	4320
TN Gas	516
TN IPP	633
CGS Thermal	4851
CGS Nuclear	1707
Purchase	3380
CPP	812
Wind	8566
Solar	4511
Co-gen	711
Biomass	266
Total	**32595**

6.7 Renewable Energy Generation:-

Tamil Nadu – Wind and Solar Generation in MU Year wise



Tamil Nadu – Solar Generation in MU
Year wise



6.8 <u>Demand Forecasting</u>:

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

6.9 Open Access & Grid connectivity related Activities for the year 2020-21

STOA granted during 2020-21			
A	**Intra/Inter State STOA (Excluding Power Exchange)**	**MW**	**Applications**
	STOA Intra	10891.45 MW	2279
	STOA Inter	10 MW (Max per month)	10
B	**Inter State STOA through Power Exchange**		
	IEX (Provisional)	285 MW average	3056
	PXIL		
C	**Energy Transaction through STOA**		
	Year 2020-21	8103.23M.U	----
D	**Open Access**		
1	Long Term Open Access	--	--
2	MTOA (Provisional)	831.648 MW (Max per month)	552

7.0 HRD Initiatives:-

The Human Resource Development wing common for TANGEDCO and TANTRANSCO 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 to all Staff (Class III & IV) is imparted 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.

7.1 Details of TANTRANSCO employees attended training during the Year 2020-21

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	47	151	55699
2	T&D,T&DI and RC Madurai	54	7	12095
3	HTI & RC	35	6	6538
4	TT&DC/Thiruvannamalai	15	7	7170

5	TT&DC/Vellore	40	89	71810
6	TT&DC/Trichy	33	10	6520
7	TT&DC/Thanjavur	25	13	4394
8	TT&DC/Virudhunagar	39	24	23714
9	TT&DC/Tirunelveli	34	61	52695
10	TT&DC/Pasumalai	40	33	41004
11	TT&DC/Mettur	12	26	29451
12	TT&DC/Coimbatore	34	31	24235
13	CJT&DC	18	2	2504
	Total	**426**	**460**	**337829**

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.

S.No	Name of the Training Programme	Duration	No.of Participants	Amount spent for training in Rs.
1	Fourweeks "Switch yard Maintenance training Programme using Live Line Maintenance Techniques (15.03.2021 to 09.04.2021)	4 weeks	2	2,69,384
	Total			**2,69,384**

8. Directors and Key Managerial Personnel

8.1 Directors

S. No	Name	Designation	Date of appoint-ment	Date of Cessation
1	Thiru.Pankaj Kumar Bansal, I.A.S.	Chairman & Additional Chief Secretary to Government, GoTN	08.06.2020	16.05.2021
2	Thiru S. Krishnan, I.A.S.	Addl. Chief Secretary to Govt., Finance Department, Nominee Director	01.07.2019	06.11.2021
3	a)Thiru A. Karthik, I.A.S.	Principal Secretary to Govt., Energy Department Nominee Director	06.02.2020	07.06.2020
	b)Thiru.S.K.Prabakar,I.A.S.	Principal Secretary to Govt., Energy Department Nominee Director		25.05.2021
4	Thiru. V. Arun Roy, I.A.S.	Special Secretary to	27.08.2018	12.07.2021

		Govt., Industries Department, GOTN. Nominee Director		
5	Dr. S. Vineeth, I.A.S.	Joint Managing Director	07.11.2019	13.06.2021
6.	Thiru.Prashantm.Wadnere,I.A.S.	Joint managing director/Finance	12-19	01.04.2021
7	Er. S. Shanmugam, B.E.,	Managing Director	01.03.2016	---
8	Er. T. Senthilvelan, B.E.	Director / Transmission Projects	30.11.2015	---
9	Tmy.M.Maheswari Bai, B.Com., ACMA	Director / Finance	29.02.2016	---
10	Thiru. S. Shanmugam, B.E.	Director/Operation/FAC	01.03.2020	---
11	Tmty. M. A. Helen, M.E.	Director (Part time)/ TANTRANSCO, Director / Distribution, TANGEDCO	01.12.2016	---
12	Er. R. Ethiraj, B.E.,	Director (Part time)/TANTRANSCO	13.11.2019	----
13	VACANT	Director/Operation		

8.2 Key Managerial Personnel

During the Financial year 2020-21, the following are the Key Managerial Personnel of the Company as per the provisions of the companies Act 2013.

Name	Designation	Date of Appointment	Date of Cessation
a) Thiru. Vikram Kapur, I.A.S. b) Thiru. Pankaj Kumar Bansal, I.A.S.	Chairman, & Additional Chief Secretary to Government, GOTN	(Assumed charge)	-
a) Dr.Subodh Kumar, I.A.S. b) 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/Transmission Project.	30/11/2015	-
Tmy.M.Maheswari Bai, B.Com., ACMA	Director /Finance	29/02/2016	-
VACANT	Director/Operation		
Thiru.N. Mahendiran, B.Com., A.C.A.	Chief Financial Controller	25/09/2018	-
Thiru. D. Sureshkumar,B.Com., ACMA,ACS	Company Secretary	19/10/2016	-

8.3 Meetings

(i) Board Meetings

During the financial year 2020-21, Seven (7) Board Meetings were held on the following dates:

S No.	Number of Board Meeting	Date of Board Meeting
1	94th Board Meeting	20.05.2020
2	95th Board Meeting	17.07.2020
3	96 th Board Meeting	19.08.2020
4	97 th Board Meeting	29.09.2020
5	98 th Board Meeting	16.12.2020
6	99 th Board Meeting	13.01.2021
7	100 th Board Meeting	18.02.2021

(ii) Board Meeting attendance of Directors during the Financial Year 2020-21

S No	Name of the Directors.		No of BM held	
			Held in their tenure	Attended
1	a)Thiru. Vikram Kapur, I.A.S.	Chairman	1	1
	b) Thiru.Pankaj Kumar Bansal, I.A.S.	Chairman	6	6
3	Thiru. S. Krishnan, I.A.S.	Ex-officio Director	7	7
4	a)Thiru.A. Karthik, I.A.S.	Ex-officio Director	1	1
	b)Thiru.S.K.Prabakar, I.A.S.	Ex-officio Director	6	6
5	Thiru. V. Arun Roy, I.A.S.	Ex-officio Director	7	2
6	Dr. S. Vineeth, I.A.S.	Joint Managing Director	7	7
7	Thiru.PrashantM.Wadnere,I.A.S.	Joint Managing Director	2	2
8	Thiru S. Shanmugam, B.E.	Managing Director	7	7
9	Thiru. T. Senthilvelan, B.E.	Director	7	6
10	Tmty. M. Maheswari Bai, BCom., ACMA	Director	7	5
11	Er. M.A. Helen, B.E.	Director (Part-Time)	7	7
12	Er. R. Ethiraj, B.E.	Director (Part-Time)	7	7
13	VACANT	Director/Operation	----	----

(iii) Annual General Meeting 2020-2021

	Name of the Directors Attended	
10th Annual General Meeting held on 19.08.2021	Thiru. Pankaj Kumar Bansal I.A.S. Thiru. S.Krishnan I.A.S. Er.S.Shanmugam B.E. Tmty.M.MaheseswariBai, BCom.,ACMA Thiru.T.Senthilvelan, B.E. Thiru.R.Ethiraj,B.E. Vacant M/s. TNEB Ltd	Present

9.3 Committee of the Board of Directors

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

Audit committee

The Audit committee was reconstituted pursuant to provision of Section 177 of the companies Act 2013. The composition of Audit committee as on 31.3.2021 is as under.

S. No	Name of the Directors.	
1	Thiru. Pankaj Kumar Bansal I.A.S.	Chairman
2	Thiru. S. Krishnan, I.A.S.	Member
3	Thiru.S.K. Prabakar, I.A.S.	Member
4	Thiru. V. Arun Roy, I.A.S.	Member

Audit Committee Meeting

During the financial year 2020-21, four (4) Audit Committee Meetings were held on the following dates:

S. No.	Number of ACM	Date of ACM
1	32nd Audit Committee Meeting	19.08.2020
2	33rd Audit Committee Meeting	16.12.2020
3	34th Audit Committee Meeting	13.01.2021
4	35th Audit Committee Meeting	18.02.2021

Attendance of the Audit Committee Meeting – Members attended during the FY 2020-21

S. No	Name of the Directors.		No of AM held	
			in his tenure	Attended
1	Thiru. Pankaj Kumar Bansal I.A.S.	Chairman	4	4
2	Thiru. S. Krishnan,I.A.S.	Member	4	4
3	Thiru. S.K. Prabakar I.A.S.	Member	4	4
4	Thiru. V. Arun Roy, I.A.S.	Member	4	2

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

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.

S.No	Name of the Directors.	Title
1	Er. S. Shanmugam, B.E.	Chairman
2	Er.Ethiraj, B.E.	Member
3	Tmty. M Maheswari Bai, B.Com.,ACMA	Member

Attendance of CSR Committee Meeting -Members attended during the F.Y. 2020-21

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

*No Meeting convened during the year 2020-2021.

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 2020-21.

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 M/s. Aruna Prasad & Co., Cost Accountant as the Cost Auditor for the financial year 2020-21 which has been approved by the Ministry of Corporate Affairs Cost Audit Branch, New Delhi.

12. SECRETARIAL AUDITOR:

The Board of TANTRANSCO has appointed M/s. G.Ramachandran & Associates, practicing Company Secretaries as Secretarial Auditor of Tamil Nadu Transmission

Corporation Ltd. to conduct the Secretarial Audit for the financial year 2020-21 in compliance with the provisions of Section 204(1) of the Companies Act, 2013.

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

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

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

13.3 The foreign exchange earnings and the outgo during the FY 2020-21 is Nil.

14 Directors' responsibility statement:

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

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

First time adoption of Ind AS

The Company has engaged an independent consultant, M/s. KPMG Assurance and Consulting Services LLP, through a technical assistance (Linked to the TA-9843 IND: Chennai- Kanyakumari Industrial Corridor Power Sector Investment Project - Support for the implementation of the FRP and Ind-As (51308-001) in TANTRANSCO) from Asian Development Bank ("ADB") for the following tasks.,

a. Updation of Fixed Asset Register ("FAR");
b. Inter-company reconciliation between TANTRANSCO and TANGEDCO and
c. Inter-unit account reconciliation of TANTRANSCO; and
d. Assistance to the management in implementation of Ind AS for the financial year ended 31 March 2021 with 31 March 2020 as its comparative year and 1 April 2019 as its transition date.

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

system duly taking into consideration Sec 138 of the Companies Act, 2013 and rules thereon.

III. 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.

IV. 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

V. 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: 18.03.2022

Sd/-
RAJESH LAKHONI
Chairman

M. Maheswari Bai
Director/Finance
DIN:07160357

S. Shanmugam
Managing Director
DIN:07471901

G. RAJENDRAN, I A & A S.,
SENIOR DEPUTY ACCOUNTANT GENERAL

सत्यमेव जयते

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

No. PAG(Audit-II), TN&PY/BO-TNEB/DB/TANTRANSCO Acct 20-21/22-23/25 Dt: 14.09.2022

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

Sir,

Sub: Comments of the C&AG of India u/s 143(6)(b) of the Companies Act, 2013 on the accounts of Tamil Nadu Transmission Corporation Ltd for the year ended 31st March, 2021 – reg.

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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, 2021 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 Sincerely,

Sr. 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 6666; फैक्स/Fax : 044 - 2431 1659
ई-मेल/E-mail : agautamilnadu2@cag.gov.in

COMMENTS ON THE ACCOUNTS OF THE TAMIL NADU TRANSMISSION CORPORATION LIMITED (TANTRANSCO) FOR THE YEAR ENDED 31st MARCH 2021

The preparation of financial statements of Tamil Nadu Transmission Corporation Limited, Chennai for the year ended 31st March 2021 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 19th March 2022 *wherein they have given Qualified Opinion..*

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 2021. 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:

BALANCE SHEET

Assets

Non-Current Assets

1. **Property, Plant and Equipment (Note 4(a)) – ₹32,682.97 crore**

a) This is understated by ₹113.56 crore due to non-capitalisation of value of Sub-stations, transmission lines, power transformer and 11 KV feeders which were completed and commissioned before 31st March 2021.This has resulted in understatement of Property, Plant and Equipment and overstatement of Capital Work in Progress by ₹113.56 crore with corresponding understatement of depreciation and loss by ₹4.06 crore.

b) This is understated by ₹1.21 crore due to non accountal of the Transfer Debit Advice sent by GCC Madurai for materials issued which have been accepted by NCES Tirunelveli. Non-capitalisation of the above materials resulted in understatement of Property, Plant and Equipment and inter unit control account by ₹ 1.21 crore with corresponding understatement of depreciation and loss by ₹2.95 lakh.

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

2. **Capital Work in Progress (Note 4 (a)): ₹14,199.99 crore**

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

Equity and Liabilities

Liabilities

Non-Current Liabilities

3. **Provisions(Note 16):₹.7,320.59 crore**

As per the GPF/ CPF Broad Sheet, the closing balance for the year 2020-21 was ₹27.67 crore and ₹42.50 crore whereas it was shown in the Balance Sheet as ₹.31.00 crore and ₹48.79 crore respectively in respect of two units (SE/O/Vellore and NCES/ Tirunelveli). This has resulted in overstatement of TNEB GPF/CPF Fund by ₹3.32 crore and ₹6.29 crore respectively and Non-Current Liabilities by ₹9.61 crore

4. **Financial liabilities- Trade payables (Note 19)- ₹.18.90 crore**

This is understated by ₹9.42 crore due to non-provision of liability in respect of materials received before the accounting year, for which, payment for 30% of the value is pending as on 31.3.2021.This has resulted in understatement of Trade Payables and Capital Work in Progress is also understated by₹ 9.42 crore.

Current Liabilities:

5. **Other Current Liabilities (Note 22):- ₹ 219.35 crore**

a. Consumers contribution for Capital Work in Progress - ₹ 8.65 crore

This is understated by ₹ 9.03 crore due to non-inclusion of the amount received from HT consumer M/s VIT University, Vellore towards upgradation of supply voltage from 33 KV to 110 KV lines which has been transferred to TANGEDCO Headquarters account. This has resulted in understatement of Deposits for DCW and overstatement of Other Financial Liabilities from TANGEDCO by ₹ 9.03 crore.

b. Liability for Works- Capital ₹. (-) 5.27 crore (debit balance)

The above head shows a negative balance of ₹5.27 crore for which the division does not have proper documents/records and break-up. Exhibition of minus balance needs reconciliation.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

INCOME

6. **Revenue from Operation: - (Note No.23) ₹3,122.77 crore**

Transmission charges (Note 23)- ₹2,895.04 Crore

TANTRANSCO collects transmission charges based on the tariff rate of ₹3,037.30 per MW per day as determined by TNERC order dated 11.08.2017 for Medium Term Open Access (MTOA) and Long Term Open Access (LTOA) capacity of 28122 MW. Even though the actual allotted transmission capacity for MTOA and LTOA has increased from 28122 MW to 30829 MW for the financial years 2018-19 to 2020-21, TANTRANSCO continued to claim transmission charges for the originally allotted transmission capacity (28122 MW) fixed by TNERC during the above order of August 2017 which resulted in short collection of revenue to the extent of ₹547.77 crore. As a result, transmission charges are understated, and loss is overstated by ₹ 547.77 crore.

7. **Other Income – (Note 24): ₹268.29 Crore**

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

8. **Contingent Liabilities- Note 46**

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

9. **General:**

a. **Government Grants: - ₹547.09 crore**

The company did not have the details of the assets commissioned and assets under construction out of Grant. In the absence of the above, the company recognised the entire grant under non-current liability instead of treating this as deferred income as per the Accounting policy No.3(i). The deviation in the accounting policy and its impact needs disclosure in the Notes to Accounts.

b. **Revenue from Operation- Transmission charges - Note 23: - ₹.3122.77 Crore**

TANGEDCO had decided (October 2016) for permanent shutdown and decommissioning of Ennore Thermal power Station (ETPS) from 31st March 2017 and the Central Electricity Authority (CEA) also agreed to delete the unit from their records of installed capacity from that date. However, TANTRANSCO continued to raise demand for transmission charges for the allotted capacity of 269 MW from April 2017 and received transmission charges of ₹29.82 crore for year 2020-21 which is to be returned to TANGEDCO. Accounting this as income has impact (overstatement) on Revenue from operation by ₹29.82 crore which needs to be disclosed in the Notes in appropriate manner.

c. **Depreciation and Amortisation expenses- Note No.27: -₹1,491.07 Crore**

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

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

iii. The company follows different fair valuation approach for various assets and charges depreciation which needs to be disclosed.

d. The company neither created self–insurance nor third party insurance for the fixed assets to the extent of ₹32,682.97 crore as on 31.03.2021. This needs disclosure as the practice of creating 1% on net fixed assets has not been disclosed in the Notes to Accounts.

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

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

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

g. The fact that the Circle accounts are prepared based on previous Indian Generally Accepted Accounting Principle (IGAAP) and Headquarters Accounts are prepared based on Ind AS also needs to be disclosed.

10. Net Impact of Comments

The net impact of the above comments is that the losses are overstated by ₹ 531.3 crore. If this is taken into account, the reported loss (before tax) for the year of ₹ 3402.27 crore would decrease to ₹ 2870.97 crore

For and on behalf of the C&AG of India

Place: Chennai

Date : 14.09.2022

Principal Accountant General

TAMILNADU TRANSMISSION CORPORATION LIMITED

Comptroller and Auditor General of India's comments on the Annual Accounts for the FY 2020-21 and Balance Sheet as on 31.03.2021 and Management reply thereon.

AG Comments	Management Reply
BALANCE SHEET **Assets** **Non-Current Assets** **1. Property, Plant and Equipment (Note 4(a)) Rs.32,682.97 crore**	
a. This is understated by ₹113.56 crore due to non-capitalisation of value of Sub-stations, transmission lines, power transformer and 11 KV feeders which were completed and commissioned before 31st March 2021.This has resulted in understatement of Property, Plant and Equipment and overstatement of Capital Work in Progress by ₹113.56 crore with corresponding understatement of depreciation and loss by ₹4.06 crore.	This will be brought into accounts in the FY 2021-22 in the respective GL codes.
b. This is understated by ₹1.21crore due to non accountal of the Transfer Debit Advice sent by GCC Madurai for materials issued which have been accepted by NCES Tirunelveli. Non-capitalisation of the above materials resulted in understatement of Property, Plant and Equipment and inter unit control account by ₹ 1.21 crore with corresponding understatement of depreciation and loss by ₹2.95 lakh.	This will be brought into accounts in the FY 2021-22 in the respective GL codes.
c. It does not include ₹2.97 crore being the materials received before 31st March 2021 but pending inspection on that date which resulted in understatement of Property, Plant and Equipment and Financial Liabilities-Trade payables by ₹2.97 crore.	This will be brought in to accounts in the FY 2021-22 in the respective GL codes.
2. Capital Work in Progress (Note 4(a)): ₹14,199.99 crore	

This includes a sum of ₹197.33 crore being the value of works completed prior to 31st March 2021 but omitted to be capitalized during 2020-21. This has resulted in overstatement of Capital Works in Progress and understatement of Property, Plant and Equipment by ₹197.33 crore with corresponding understatement of Depreciation and loss by ₹11.03 crore.	This will be suitably brought in to accounts in the FY 2021-22 in the respective GL codes.
Equity and Liabilities	
Liabilities	
Non-Current Liabilities	
3. Provisions (Note 16): ₹.7,320.59 crore As per the GPF/ CPF Broad Sheet, the closing balance for the year 2020-21 was ₹27.67 crore and ₹42.50 crore whereas it was shown in the Balance Sheet as ₹.31.00 crore and ₹48.79 crore respectively in respect of two units (SE/O/Vellore and NCES/ Tirunelveli). This has resulted in overstatement of TNEB GPF/CPF Fundby ₹3.32 crore and ₹6.29 crore respectively and Non-Current Liabilities by ₹9.61 crore.	The reconciliation is under progress. This will be analysed and arranged for rectification in the ensuing Financial Years.
4. Financial liabilities- Trade payables (Note 19)- ₹.18.90 crore This is understated by ₹9.42 crore due to non-provision of liability in respect of materials received before the accounting year, for which, payment for 30% of the value is pending as on 31.3.2021.This has resulted in understatement of Trade Payables and Capital Work in Progress is also understated by₹9.42 crore.	This will be brought into accounts in the FY 2021-22 in the respective GL codes.
Current Liabilities: **5. Other Current Liabilities (Note 22):- ₹ 219.35 crore**	
a. Consumers contribution for Capital Work in Progress - ₹ 8.65 crore	This will be brought into accounts in the FY 2021-22 in the respective GL codes.

This is understated by ₹ 9.03 crore due to non-inclusion of the amount received from HT consumer M/s VIT University, Vellore towards up gradation of supply voltage from 33 KV to 110 KV lines which has been transferred to TANGEDCO Headquarters account. This has resulted in understatement of Deposits for DCW and understatement Expenditure reimbursable from TANGEDCO by ₹ 9.03 crore.	
a. Liability for Works- Capital ₹. (-) 5.27 crore (debit balance) The above head shows a negative balance of₹5.27 crore for which the division does not have proper documents/records and break-up. Exhibition of minus balance needs reconciliation.	Necessary clean up activity is proposed to be carried in the ensuing financial years.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021	
INCOME	
6. Revenue from Operation: - (Note No.23) ₹3,122.77 crore **Transmission charges (Note 23)- ₹2,895.04 Crore**	
TANTRANSCO collects transmission charges based on the tariff rate of ₹3,037.30 per MW per day as determined by TNERC order dt 11.08.2017 for Medium Term Open Access (MTOA) and Long Term Open Access (LTOA) capacity of 28122 MW. Even though the actual allotted transmission capacity for MTOA and LTOA has increased from 28122 MW to 30829 MW for the financial years 2018-19 to 2020-21, TANTRANSCO continued to claim transmission charges for the originally allotted transmission capacity (28122 MW) fixed by TNERC during the above order of August 2017	The transmission charges are being billed as per TNERC's T.O dated 11.8.2017. Any excess/shortfall will be adjusted/refunded at the time of true-up of ARR for the respective years. The Hon'ble TNERC has issued Transmission Tariff order dated 09.09.2022 wherein the Aggregate Revenue Requirement (ARR) for the FY 2016-17 to 2019-20 has been trued up and the shortfall in the ARR of the said period has been approved by the TNERC. TNERC order No. 8 of 2022 dated 09.09.2022 w.e.f 10.09.2022, has been issued for revision of Tariff. Henceforth, TANGEDCO will be billed

which resulted in short collection of revenue to the extent of ₹547.77 crore. As a result, transmission charges are understated, and loss is overstated by ₹ 547.77 crore.	for Transmission charges as per the Tariff order dated 09.09.2022.
7. Other Income – (Note 24): ₹268.29 Crore It includes ₹1.35 crore being the devolution value of 500 MVA transformer which should have been accounted under Property, Plant and Equipment. This has resulted in overstatement of Other Income and understatement of Property, Plant and Equipment by ₹1.35 crore with corresponding understatement of Loss.	This will be brought into accounts in the FY 2021-22 in the respective GL codes.

8. Contingent Liabilities- Note 46 As per section 7 of the GST Act, 2017 the transfer of assets categorized under supply of material attracts 18% GST. However, TANTRASCO filed writ petition seeking remedy on the applicability of GST in respect of intercompany transaction. From April 2020 to March 2021 assets valuing ₹207.42 crore were commissioned and GST payable on the above works out to ₹37.34 crore. As an appeal was filed in respect of levy of GST for inter unit transaction the same should have been disclosed under contingent liabilities. Non-inclusion of the same resulted in understatement of contingent liability by Rs.37.34 crore.	TANGEDCO filed an application seeking remedy before the Authority for Advanced Ruling, with respect to the applicability of GST on intercompany transactions between TANGEDCO and TANTRANSCO, in which the ruling was given as: "GST is applicable on the following as the same are 'supply of goods' to TANTRANSCO-(A) Supply of operation and maintenance materials used in the regular day to day functioning and (B) Transfer of Capital Assets". TANGEDCO filed an appeal against the above advance ruling before the Tamil Nadu state Appellate Authority for Advance Ruling which issued ruling which disposed the appeal without any interference to the ruling given by the Authority for Advance Ruling. Now, TANTRANSCO filed writ petition seeking remedy on the applicability of GST on the intercompany transactions between TANGEDCO and TANTRANSCO along with the writ appeal to be filed by TANGEDCO. Since both the organizations are seeking remedy on the intercompany transactions through legal course, it is submitted that necessary

	provision will be made in the books of accounts based on the outcome of case.
9. General:	
a. Government Grants: -₹547.09 crore The company did not have the details of the assets commissioned and assets under construction out of Grant. In the absence of the above, the company recognised the entire grant under non-current liability instead of treating this as deferred income as per the Accounting policy No.3(i). The deviation in the accounting policy and its impact needs disclosure in the Notes to Accounts.	The company is in the process of collating details in respect of the assets commissioned and assets under constructions pertaining to these grants. Hence, the same will be completed and accounted appropriately and disclosed in the FY 2021-22. Pending completion, the entire grant is exhibited under deferred revenue in the financials.
b. Revenue from Operation- Transmission charges- Note 23: -₹.3122.77 Crore TANGEDCO had decided (October 2016) for permanent shutdown and decommissioning of Ennore Thermal power Station (ETPS) from 31st March 2017 and the Central Electricity Authority (CEA) also agreed to delete the unit from their records of installed capacity from that date. However, TANTRANSCO continued to raise demand for transmission charges for the allotted capacity of 269 MW from April 2017 and received transmission charges of₹29.82 crore for year 2020-21 which is to be returned to TANGEDCO. Accounting this as income has impact (overstatement) on Revenue from operation by₹29.82 crore which needs to be disclosed in the Notes in appropriate manner.	The billing has been raised based on the TNERC's order dated 11.8.2017. Any excess/shortfall will be adjusted at the time of true up of ARR for the respective years. TNERC order No. 8 of 2022 dated 09.09.2022 w.e.f 10.09.2022, has been issued for revision of Tariff. Henceforth, TANGEDCO will be billed for Transmission charges as per the Tariff order dated 09.09.2022.

c. Depreciation and Amortisation expenses- Note No.27: -₹1,491.07 Crore i. As per the significant accounting policy No.3 (a) (iii), depreciation is calculated from the date of capitalization or procurement of assets as determined by the company's technical team which is against the Para 55 of Ind AS 16 wherein it is stated that the depreciation of an asset begins when it is available for intended use. ii. As per Para 51 and 61 of Ind AS 16 (PPE) the residual value, the useful life of an asset and the depreciation method shall be reviewed at least at each financial year end and if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. However, reassessment of the estimated useful life and residual life and value and revision of rates of the item of PPE is not performed at the end of each reporting period for the financial year 2019-20 and 2020-21 as per its accounting policy. iii. The company follows different fair valuation approach for various assets and charges depreciation which needs to be disclosed	Under the Accounting policy 3.a.iii, it has been stated Depreciation is recognized in Statement of Profit and Loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Depreciation is calculated from the date of capitalization or procurement of the asset as determined by the Company's technical team. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. It is submitted that, it has been disclosed in Note 47 that, as permitted by Ind AS 101, the Company has elected to carry out a fair valuation of fixed assets through an independent consultant as on date of transition and consider it as their deemed cost under Ind AS. Fair value arrived by the independent consultant has been adopted by the Company and accordingly the book values are restated to the extent of INR 1,712.65 crores as on 1 April 2019. Detailed disclosure as suggested by AG Audit will be considered in the FY 2021-22.

d. The company neither created self–insurance nor third party insurance for the fixed assets to the extent of ₹32,626.99 crore as on 31.03.2021. This need disclosure as the practice of creating 1% on net fixed assets has not been disclosed in the Notes on Accounts.	(i) TANTRANSO does not have the policy of insuring its assets. TANTRANSCO followed the system of transferring 1% of the net assets (excluding land) to insurance reserve up to 2018-19. The decision of not accounting the Insurance Reserve was taken with due approval of the Board during the FY 2019-20. The same has been disclosed in that financial year. Management Policy decision to provide insurance cover for the fixed assets will be arrived at and placed in the Board. (ii)In Note No. 47, it has been disclosed that the insurance reserve has been transferred to Retained earnings on transition to Ind AS. However, detailed disclosure as suggested by AG Audit will be considered in the FY 2021-22.
e. Item No. 28.18: Quantitative details of Transmission and loss of Energy (Energy difference) As per approved annual accounts of TANGEDCO, total energy injected /available including Own Generation and Power Purchase was 3,29,074 MU whereas the energy injected from Generator/interstate as per TANTRANSCO account was 3,21,070.35 MU and hence there is difference of 8,003.65 MU valuing ₹3,859.22 crore between subsidiaries/related parties. The fact of non-reconciliation should be disclosed in the Notes on Accounts.	This will be arranged for analysing, reconciling and rectifying during the FY 2021-22.
f. The Financial Statements of the Company has not complied with all the provisions of Companies (Indian Accounting Standards (Ind AS) Rules 2015 ("CASR 2015") as prescribed under Section 133 of the Companies Act,2013	The detailed impact study has been conducted, based on the same financials has been prepared. Financial statement including presentation,

	which stipulated mandatory adoption and applicability of Ind AS except Updation of Fixed Assets Register (FAR) and Employee benefit as per actuarial valuation. The fact that non follow up of fair valuation in respect of Employee loan EMD/Security deposits and its impact was not disclosed in the Notes on Accounts.	classification and disclosures have been prepared in accordance with Ind AS except wherever it has been disclosed in the financials. EMD is refundable to unsuccessful tenderer on demand. Security Deposit is collected for successful completion of the contract. On completion of the contract, the security deposit is refundable on demand. Hence, no separate fair valuation as per Ind AS 109- Financial instruments.
g.	The fact that the Circle accounts are prepared based on previous Indian Generally Accepted Accounting Principle (IGAAP) and Headquarters Accounts are prepared based on Ind AS also needs to be disclosed.	Financial statement including presentation, classification and disclosures have been prepared in accordance with Ind AS except wherever it has been disclosed in the financials.

Chief Financial Controller / IND AS
TANGEDCO LTD & TANTRANSCO LTD
144, Anna Salai, Chennai-600 002.

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
TAMIL NADU TRANSMISSION CORPORATION LIMITED

Report on the Audit of Financial Statements

Qualified Opinion

1. We have audited the accompanying standalone financial statements of **Tamil Nadu Transmission Corporation Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, Statement of Cash Flows and the Statement of changes in Equity and the notes to the financial statements for the year then ended.

2. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and 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, 2014 (as amended), of the state of affairs of the Company as at 31 March 2021, and its loss and its cash flows for the year ended on that date.

Basis for Qualified Opinion

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

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

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

6. Attention is drawn to note 31 of the financial statements, where the Company has recognised an amount of 7,280.07 crores, Rs. 6,885.43 crores and Rs. 5,682.14 crores 31st March 2021, 31st March 2020 and 01st April 2019 as liability based on an independent actuarial valuation. Since the Company has no employees on its own, based on its Board's policy, the amount recognised by the Company represents 1/7th of the total employee cost

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incurred by TANTRANSCO. In the absence of adequate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/ liability in its books.

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

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

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 qualified 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. The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

11. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

12. 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.

13. 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

14. 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.

15. 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; and

- 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.

16. 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.

17. 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

18. 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.

19. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) we have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

b) except for the effects of the matters described in the Basis for Qualified Opinion section, 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) in our opinion, the aforesaid financial statement complies with the Ind AS specified under Section 133 of the Act;

d) the financial statements dealt with by this report are in agreement with the books of account;

e) except for the effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

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

g) 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;

h) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;

i) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19th March 2022 as per Annexure B expressed modified opinion; and

j) 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.

k) 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. except for the effects of the matters described in paragraph 3 -8 of the Basis for Qualified Opinion section, the financial statements disclose the impact of pending litigations on the financial position of the Company as at 31 March 2021;

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

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.

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

V.NARAYANAN & CO. #23, CV Raman Road, Alwarpet, Chennai-18 CHARTED ACCOUNTANTS

N.Venkateswaran
Partner
M No.202320

Place: Chennai
Date: 19/3/22

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UDIN:

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, 2021)

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 maintained proper records showing full particulars including quantitative details and situation of material fixed assets.
   (c) In respect of the title deeds of immovable properties of the Company, it was noticed that land documents are purchased in the name of TNEB/ TANGEDCO/ TANTRANSCO, which includes both the land allotted through transfer scheme and also subsequent purchases. Hence the title deeds of entire land held by the company are not held in the Company's name.

2. The Company does not have any inventory. Hence reporting under para 3(ii) of Companies (Auditor's Report) Order, 2016 is not applicable.

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 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.52.88 crs 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, 2021 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, 2021.

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 Crores

Financial Institution/Agency	**Amount**
Rural Electrification Corporation Ltd (REC)	1,705.15
Power Finance Corporation Ltd (PFC)	1,617.64
Indian Renewable Energy Development Agency Ltd.(IREDA)	230.00
Japan International Coordination Agency (JICA)	94.55
KFW	38.24
Medium Term Loans (PFS & Bank of Baroda)	192.57
Asian Development Bank (ADB)	565.62
Housing & Urban Development Corpn.Ltd	29.10
TOTAL	**4472.87**

The above amount of loan from ADB & KFW does not include the additional liability arising out of foreign exchange loss to the tune of Rs. 0.62 Crores & 23.12 Crores respectively & Rs. 126.40 Crores representing gain for JICA which are reinstated to Rs.667.10 Crores, Rs. 559.61 Crores and Rs.2003.22 crores 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. The GoI is honouring the repayment and interest commitments on the due date as per the Loan Agreement. The Principal & the interest are serviced by the State Govt.to GoI. The loan is lent to TANTRANSCO on a back to back basis by GoI through GoTN. There is no specific repayment schedule between TANTRANSCO & GoTN.

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

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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 39, 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

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N.Venkateswaran
Partner
M No.202320

Place: Chennai
Date: 19/3/22

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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 **TAMIL NADU TRANSMISSION CORPORATION LIMITED** ("the Company") as of March 31st, 2021 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.

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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.

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 Qualified 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 2021:

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

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

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

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

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

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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.

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 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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 2021, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued a qualified opinion.

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

N.Venkateswaran
Partner
M No.202320

Place: Chennai
Date: 15/7/22

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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 2020-21 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 JAVA 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. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	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 (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its 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	

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1.	It may be verified whether the companies of Companies Act, 2013 and accordingly whether the applicability of accounting framework and Ind AS has been followed up by the Company.	During the year the company has adopted Ind AS subject to our Audit comments.
2.	It may be verified whether the fixed assets registers have been maintained properly and updated as on date, Further, the physical verification of assets was done as on 31.03.2021 or at regular interval.	The company has during the year constructed a fixed assets register for all material assets. Physical cross-verification has been conducted by the company.
3.	In respect of Employees benefit, proper system of 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.	The cost incurred on abandoned projects and out of this how much cost has been written off may be examined.	We have been informed that there are no abandoned projects as on 31.03.2021.
5.	Report on the efficacy of the system of billing and collection of revenue on the company.	The Company's major customer is TANGEDCO and billing is done on agreed rates approved by TNERC. The charges from other open access customers are also routed through TANGEDCO.
6.	Whether the reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has been completed? The reasons for difference if any may be examined.	The reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has been carried out. However confirmation/final sign-off between them is pending.
7.	It may be verified whether Materials Cost Variance (MCV) relating to capital items has been charges to fixed assets/capital work in progress for completed work/capital work in progress by the Circles.	Yes. The Materials Cost Variance (MCV) relating to capital items has been charged to fixed assets/capital work in progress.
8.	Confirmation of Debtors may be obtained and verified.	Confirmations obtained and produced for verification, which is further subject to reconciliation .

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9.	It may be verified whether there is proper system of accounting with respect to Legal and Statutory payments.	There is a system of accounting with respect of Legal and Statutory payment but should be improved.
10.	Various Deposits Contribution Works completed but not yet transferred to the Distributions circles concerned may be analyzed. Whether depreciation is calculated as per The Companies Act 2013 Rate and accounted properly.	We are unable to comment on this due to non-furnishing of relevant information regarding completion status of Deposit Contribution works.
11.	The implications of all Schemes (UDAY, DDUGFY, IPDS, etc.) in the accounts may be covered.	Based on the information from the management, these schemes are not applicable to TANTRANSCO.
12.	Impact of GST on the assets transferred between TANGEDCO and TANTRANSCO may be analyzed.	The company is not charging GST for assets transferred between TANGEDCO and TANTRANSCO. Please ref our Note No.46.
13.	Correctness of Transmission Charges claimed by TANTRANSCO and paid by TANGEDCO may be reviewed.	The company is claiming charges to TANGEDCO, as per the Transmission Tariff order in TP2 of 2017 Dt.11.8.2017. TANGEDCO has confirmed the balances payable towards the TANTRANSCO transmission charges except for the 1% rebate which is under discussion by both companies.

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

V.NARAYANAN & CO #23, CV Raman Road, Alwarpet, Chennai-18 CHARTED ACCOUNTANTS

N.Venkateswaran
Partner
M No.202320

Place: Chennai
Date: 19/3/22

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21

Audit Report No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
	BASIS FOR QUALIFIED OPINION:	
3	Attention is drawn to note 4(a) of the Financial Statements where in the absence of adequate and appropriate records, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2021.	The scheme wise registers for CWIP are being maintained by the Company. The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, M/s. KPMG Assurances and Consulting Services LLP, which is expected to be completed in the FY 2021-22
4	Attention is drawn to note 20 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its co-subsidiary company TANGEDCO and a difference of Rs. 191.26 crores was identified and adjusted against its opening reserves. However, pending confirmation from the said party, we are unable to assess the appropriateness of the carrying value of Rs 128.10 crores in its trade receivables/payables as at 31st March 2021.	TANTRANSCO has recorded all the reconciliation entries to ensure correctness of its books of accounts. The details have been shared with TANGEDCO and awaiting confirmation for the same.
5	Attention is drawn to note 22 of the Financial Statements, where an amount of Rs. 30.31 crores pertaining to Inter unit balances is grouped under other current liabilities. The Company has also identified certain old items pertaining to various balance sheet items, details of which are not readily available with the Company. The company is in the process of reconciling such old items for adjustment against the Inter unit balances. Pending reconciliation, we are unable to assess the appropriateness of the Inter unit balances and the corresponding impact on the Company's Capital work in progress and Trade payables as at the year ended 31st March 2021.	The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, M/s.KPMG Assurances and Consulting Services LLP. The remaining unreconciled balance of Rs. 30.31 crores is expected to be completed in the FY 2021-22.
6	Attention is drawn to note 31 of the Financial statements, where the Company has recognised an amount of Rs. 7280.07 crores, Rs. 6,885.43 crores and Rs. 5,682.14 crores as at 31st March 2021, 31st March 2020 and 01st April 2019 as liability based on an independent actuarial valuation. Since the Company has no employees on its own, based on its Board's policy, the amount recognised by the Company represents 1/7th of the total employee cost incurred by TANTRANSCO. In the absence of adequate evidence, we are unable to validate the appropriateness of the amount recognised as employee cost/ liability in its books.	TANTRANSCO shares 1/7th of the pension payouts & adopts the same ratio for recognizing the long term and retirement benefit obligations based on the available actuarial valuation report. However, the management is in the process of finalizing the seggregation of cost relating to employee benefits between the two companies.
7	Attention is drawn to note 39 and note 45 of the Financial Statements, where complete disclosures as required under Ind AS 24 – Related Party transactions and Ind AS 108 – Operating Segments has not been made by the Company.	Details of Operating segment as required will be arranged to be made available in the financials of FY 2021-22. Details of Related Party transactions is expected to be arranged from the Secretarial wing during the next FY 2021-22.
8	Attention is drawn to note 46 of the Financial Statements, where the company has acknowledged a liability of Rs. 52.88 crores in its GST returns for the earlier years, which has not been provided in the financial statements. In addition, the Company is in the process of ascertaining its GST liabilities for the current year. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2021 and the corresponding impact on statutory liabilities as at 31st March 2021.	Factual. The details of the sum mentioned in GSTR 9C is being analyzed and appropriate action will be taken in due course. Further, for the FY 2020-21, GST Audit is under progress.
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 qualified opinion.	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21		
Audit Report No.	**OBSERVATION OF STATUTORY AUDITOR**	**MANAGEMENT REPLY**
	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. The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.	Factual
	Responsibility of Management and those charged with Governance for the Financial Statements	
11	The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	Factual
12	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	Factual.
13	Those Board of Directors are also responsible for overseeing the company's financial reporting process.	Factual
	Auditor's Responsibility for the Audit of the Financial Statements	
14	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.	Factual
15	As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:	Factual
	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;	

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21		
Audit Report No.	**OBSERVATION OF STATUTORY AUDITOR**	**MANAGEMENT REPLY**
	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; and	
	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.	
16	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.	Factual
17	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.	Factual
	Report on Other Legal and Regulatory Requirements	
18	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.	Factual
19	Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:	
a)	we have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;	Factual
b)	except for the effects of the matters described in the Basis for Qualified Opinion section, 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)	in our opinion, the aforesaid financial statement complies with the Ind AS specified under Section 133 of the Act;	Factual
d)	the financial statements dealt with by this report are in agreement with the books of account;	Factual
e)	except for the effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);	Factual
f)	the matters described in paragraph 3-8 under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;	Factual
g)	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
h)	the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;	Factual
i)	we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19th March 2022 as per Annexure B expressed modified opinion; and	Factual
j)	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

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21

Audit Report No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
k.	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. except for the effects of the matters described in paragraph 3 -8 of the Basis for Qualified Opinion section, the financial statements disclose the impact of pending litigations on the financial position of the Company as at 31 March 2021.	Refer management reply for Point No. 3-8
	ii. the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	Factual
	iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.	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, 2021)

	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 maintained proper records showing full particulars including quantitative details and situation of material fixed assets.	Factual
1. (c)	In respect of the title deeds of immovable properties of the Company, it was noticed that land documents are purchased in the name of TNEB/ TANGEDCO/ TANTRANSCO, which includes both the land allotted through transfer scheme and also subsequent purchases. Hence the title deeds of entire land held by the company are not held in the Company's name.	Factual
2	The Company does not have any inventory. Hence reporting under para 3(ii) of Companies (Auditor's Report) Order, 2016 is not applicable.	Factual
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 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.52.88 crores 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, 2021 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 analyzed and appropriate action will be taken in due course. Further, for the FY 2020-21, GST Audit is under progress.
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, 2021	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21

Audit Report No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
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.	Factual
	Financial Institution/Agency — **Amount** (Rs. in crs) Rural Electrification Corporation Ltd (REC) 1,705.15 Power Finance Corporation Ltd. (PFC) 1,617.64 Indian Renewable Energy Development Agency Ltd.(IREDA) 230.00 Japan International Coordination Agency (JICA) 94.55 KFW 38.24 Medium Term Loans (PFS & Bank of Baroda) 192.57 Asian Development Bank (ADB) 565.62 Housing & Urban Development Corpn.Ltd 29.10 **TOTAL 4472.87**	
	The above amount of loan from ADB & KFW does not include the additional liability arising out of foreign exchange loss to the tune of Rs. 0.62 Crores & 23.12 Crores respectively & Rs. 126.40 Crores representing gain for JICA which are reinstated to Rs.667.10 Crores, Rs. 559.61 Crores and Rs.2003.22 crores respectively	Factual.
	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. The GoI is honouring the repayment and interest commitments on the due date as per the Loan Agreement. The Principal & the interest are serviced by the State Govt.to GoI. The loan is lent to TANTRANSCO on a back to back basis by GoI through GoTN. There is no specific repayment schedule between TANTRANSCO & GoTN.	Factual
9	Based on information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. According to the information and explanations given to us the loans were utilized for the purpose for which the loans were obtained	Factual
10	Based upon the audit procedures performed and to the extent of the information and explanations given by the management, we are unable to comment if any fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.	Factual
11	In our opinion, the provisions of section 197 read with Schedule V to the Companies Act regarding the managerial remuneration are not applicable.	Factual
12	In our opinion, the Company is not a Nidhi Company. Therefore, the provisiions of clause 4 (xii) of the Order are not applicable to the company.	Factual
13	In our opinion, compliance with section 177 of the Companies Act, 2013 are not applicable to the Company. Based on the information and explanations given to us, in the absence of adequate records as mentioned in our note 39, we are unable to comment if all transactions with the related parties are in compliance with section 188 of Companies Act, 2013.	Factual
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

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21		
Audit Report No.	**OBSERVATION OF STATUTORY AUDITOR**	**MANAGEMENT REPLY**
	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 **TAMIL NADU TRANSMISSION CORPORATION LIMITED** ("the Company") as of March 31st, 2021 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 effect on the financial statements.	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2020-21

Audit Report No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
	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 Qualified 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 2021:	
a.	Ineffective oversight over the Company's internal financial controls over financial reporting by those charged with governance.	The financial control framework have been well defined and documented. There are accounting and other manuals, proper delegation of power based on which the entire control framework including financial control frame work is regulated. The company is in the process of arranging to further strengthen its internal control for financial reporting.
b.	The Company does not have an internal audit system commensurate with the nature and size of its operations.	There is an Internal Audit Department functioning under the control of Senior Deputy Chief Internal Audit Officer to conduct internal audit and to check other internal controls over the system. However, necessary action will be arranged to be initiated to comply with the provision stated in the Companies Act 2013.
c.	The Company's internal control system with regard to its Capital Work in progress and Property, Plant and equipment is deficient in areas of capitalization, physical verification and consequent impairment.	There are well defined accounting manuals regarding capitalization of Property, Plant and Equipment etc. However steps are being taken to strengthening the same. In the current FY 2020-21 Fixed Asset Register has been updated and now available. Further, on implementation of ERP will strengthen the existing controls
d.	Lack of integrated process between various functions such as revenue invoicing, payroll processing and material accounting for which material internal controls weaknesses were identified.	Various process of ERP is being implemented during 2021-22. and the integration between various functions are expected to be achieved.
e.	Refer our note in our Basis of Qualified Section, where timely inter-company and inter-unit reconciliation process is not available.	(1).TANTRANSCO has recorded all the reconciliation entries to ensure correctness of its books of accounts. The details have been shared with TANGEDCO and awaiting confirmation for the same. (2). The company is in the process of detailed clean up of all balances including legacy balances with the assistance of the Consultants, M/s. KPMG Assurances and Consulting Services LLP. The remaining unreconciled balance of Rs. 30.31 crores is expected to be completed in the FY 2021-22.
f	Absence of a process to evaluate internal financial controls and risk management systems by the company as required by section 177(4)(vii) of the Companies Act, 2013. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.	The company is in the process of further strengthening the internal controls to ensure still better financial reporting
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 2021, and these material weaknesses have also affected our opinion on the financial statements of the Company and we have issued a qualified opinion.	
		Chief Financial Controller For Tamilnadu Transmission Corporation Ltd.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
TAMILNADU TRANSMISSION CORPORATIONLIMITED
CIN# U40109TN2009SGC071948
NPKRR MALIGAI, (TNEB OFFICE)
144, ANNA SALAI
Chennai - 600002

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. TAMILNADU TRANSMISSION CORPORATION LIMITED (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. TAMILNADU TRANSMISSION CORPORATION LIMITED and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. TAMILNADU TRANSMISSION CORPORATION LIMITED for the financial year ended on 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;

GRNK & Associates Company Secretaries

F-10, Syndicate Residency, No. 3, Dr. Thomas 1st Street, Off. South Boag Road, T.Nagar, Chennai - 600 017.
Phone : 044-2433 7454, 2432 1143/44. E-mail : gr@gramcsfirm.com / ramgcs@gmail.com Website : www.gramassociates.com

(iv) Environment Protection Act, 1986 and other environmental laws
(v) The Electricity Act, 2003

We have also examined compliance with the applicable clauses of the following:
(i) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We report that

The Company has not complied with the following provisions as stipulated under the Companies Act, 2013;

1. *Not complied with the provisions relating to appointment of Independent Directors.*

2. *Not filed certain forms with Registrar of Companies. Some of the Non-Filing of the Forms are compoundable, some require the condonation of Regional Director or the Central Government.*

3. *Not constituted Nomination Remuneration Committee as required under section 178 of the Act.*

4. *The Audit Committee and Corporate Social Responsibility Committee constituted by the Company are not in line with the provisions of the Act.*

5. *Not appointed an Internal Auditor.*

6. *The Annual General meeting for the financial year ended 31st March, 2020 was not conducted within the time prescribed time under section 96 of the Companies Act 2013 nor within the time extended by the Registrar of Companies Chennai.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors *except the appointment of Independent Directors*. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

GRNK & Associates Company Secretaries

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

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

We further report that we could not verify certain documents physically in view of COVID-19 pandemic situation.

For **M/s. GRNK & Associates**
Company Secretaries

GRNK & Associates Company Secretaries

R ANURADHA
Partner
ACS No.55209 CoP. No.20623

Date: 28th September, 2022
Place: Chennai
UDIN: A055209D001051921

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,

The Members,
TAMILNADU TRANSMISSION CORPORATIONLIMITED
CIN# U40109TN2009SGC071948
NPKRR MALIGAI, (TNEB OFFICE)
144, ANNA SALAI
Chennai - 600002

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company not of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

For **M/s. GRNK & Associates**
Company Secretaries

GRNK & Associates Company Secretaries

R ANURADHA
Partner
ACS No.55209 CoP. No.20623

Date: 28th September, 2022
Place: Chennai
UDIN: A055209D001051921

Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948
NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Balance Sheet as at 31 March 2021

(in INR crores)

	Note	31 March 2021	31 March 2020	1 April 2019
ASSETS				
Non-current assets				
Property, plant and equipment	4(a)	32,682.97	32,626.99	32,242.32
Capital work-in-progress	4(a)	14,199.99	11,526.86	8,552.10
Other intangible assets	4(b)	284.06	243.01	205.71
Intangible assets under development	4(b)	9.87	-	-
Financial assets				
(i) Other financial assets	5	6.74	6.74	6.73
Other non-current assets	6	93.90	138.84	28.17
Total non-current assets		47,277.53	44,542.44	41,035.03
Current assets				
Financial assets				
(i) Trade receivables	7	167.85	675.60	198.52
(ii) Cash and cash equivalents	8	424.62	172.36	130.40
(iii) Other financial assets	9	41.71	45.00	47.80
Current tax assets	10	5.03	3.56	0.10
Other current assets	11	0.11	2.86	277.16
Total current assets		639.32	899.38	653.98
TOTAL ASSETS		47,916.85	45,441.82	41,689.01
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	5,308.98	5,308.98	4,741.42
Other equity	13.1 to 13.2	(6,796.34)	(5,045.78)	(2,417.09)
Total equity		(1,487.36)	263.20	2,324.33
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	14	23,206.15	21,833.71	16,942.81
Deferred tax liabilities	15	-	-	-
Provisions	16	7,320.59	6,867.00	5,369.25
Other non-current liabilities	17	3,436.05	2,541.18	1,934.99
Total non-current liabilities		33,962.79	31,241.89	24,247.05
Current liabilities				
Financial liabilities				
(i) Borrowings	18	2,700.15	1,539.54	2,271.48
(ii) Trade payables	19	18.90	514.09	928.91
(iii) Other financial liabilities	20	11,505.58	10,724.29	10,686.36
Provisions	21	997.44	790.40	958.82
Other current liabilities	22	219.35	368.41	272.06
Total current liabilities		15,441.42	13,936.73	15,117.63
TOTAL EQUITY AND LIABILITIES		47,916.85	45,441.82	41,689.01

See accompanying notes to the financial statements

As per our report of even date
For **V. Narayanan & Co**
Chartered Accountants
Firm No.002398S

N. Venkateswaran
Partner
Membership No. 202320
Place: Chennai
Date : 19 March 2022

For and on behalf of the Board of Directors of
Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948

V. Savitha
Chief Financial Controller

M. Maheswari Bai
Director Finance
DIN: 07160357

K. Sundaravadhanam
Company Secretary

S. Shanmugam
Managing Director
DIN: 07471901

V.NARAYANAN & CO. #23, CV Raman Road, Alwarpet, Chennai-18 CHARTED ACCOUNTANTS

UDIN NO: 22202320AFOFAR7141

Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948
NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

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

(in INR crores)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	23	3,122.77	3,164.91
Other income	24	268.29	307.97
Total income		3,391.06	3,472.88
Expenses			
Employee benefits expense	25	3,506.87	3,787.98
Finance costs	26	1,602.25	1,508.06
Depreciation and amortization expense	27	1,491.07	1,414.16
Other expenses	28	193.14	298.39
Total expenses		6,793.33	7,008.59
Profit (loss) before tax		(3,402.27)	(3,535.71)
Tax expense:	29		
Current tax		-	-
Deferred tax	40	-	-
Profit (loss) for the year		(3,402.27)	(3,535.71)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	31B	1,651.71	989.96
Income tax relating to items that will not be reclassified to profit or loss (net)	40	-	-
Total other comprehensive income		1,651.71	989.96
Total comprehensive income for the year		(1,750.56)	(2,545.75)
Earnings per equity share	30		
Basic		(6.41)	(7.36)
Diluted		(6.41)	(7.36)

See accompanying notes to the financial statements

As per our report of even date
For **V. Narayanan & Co**
Chartered Accountants
Firm No.002398S

N. Venkateswaran
Partner
Membership No. 202320
Place: Chennai
Date : 19 March 2022

V.NARAYANAN & CO. #23, CV Raman Road, Alwarpet, Chennai-18 CHARTED ACCOUNTANTS

For and on behalf of the Board of Directors of
Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948

V. Savitha
Chief Financial Controller

M. Maheswari Bai
Director Finance
DIN: 07160357

K. Sundaravadhanam
Company Secretary

S. Shanmugam
Managing Director
DIN: 07471901

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 31 March 2021

(in INR crores)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Net profit before tax	(3,402.27)	(3,535.71)
Adjustments for:		
Depreciation	1,491.07	1,414.16
Finance costs	1,602.25	1,508.06
Operating profit before working capital changes	(308.95)	(613.49)
Changes in working capital		
Adjustments of (increase)/decrease in assets		
Trade receivables	507.75	(477.08)
Financial assets - current/non current	3.29	2.79
Other assets - current/non current	46.22	160.17
Adjustments of increase/(decrease) in liabilities		
Trade payables	(495.19)	(414.82)
Financial liabilities - current/non current	781.29	37.93
Provisions - current/ non current	2,312.34	2,319.29
Other liabilities - current/non current	745.81	702.54
Cash generated from operations	3,592.56	1,717.33
Income taxes paid (net)	-	-
Net cash generated from (used in) operating activities (A)	3,592.56	1,717.33
Cash flows from investing activities		
Additions to property, plant and equipment & intangible assets	(1,598.50)	(1,836.86)
Additions to capital work in progress	(2,672.60)	(2,974.03)
Net cash generated from (used in) investing activities (B)	(4,271.10)	(4,810.89)
Cash flow from financing activities		
Proceeds from issue of equity share capital	-	484.62
Proceeds (repayment) of long-term borrowings	1,372.44	4,890.90
Proceeds (repayment) of short-term borrowings	1,160.61	(731.94)
Finance costs	(1,602.25)	(1,508.06)
Net cash generated from (used in) financing activities (C)	930.80	3,135.52
Net increase (decrease) in cash and cash equivalents (A+B+C)	252.26	41.96
Cash and cash equivalents at the beginning of the year	172.36	130.40
Cash and cash equivalents at the end of the year	424.62	172.36
Reconciliation of cash and cash equivalents as per Statement of Cash Flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	423.37	171.10
Cash, cheques and drafts on hand	1.25	1.26
	424.62	172.36

See accompanying notes to the financial statements

As per our report of even date
For **V. Narayanan & Co**
Chartered Accountants
Firm No.002398S

N. Venkateswaran
Partner
Membership No. 202320
Place: Chennai
Date : 19 March 2022

V. NARAYANAN & CO. #23, CV Raman Road, Alwarpet, Chennai-18 CHARTED ACCOUNTANTS

For and on behalf of the Board of Directors of
Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948

V. Savitha
Chief Financial Controller

M. Maheswari Bai
Director Finance
DIN: 07160357

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Managing Director
DIN: 07471901

Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948
NPKRR Maligai (TNEB Office), 144, Anna Salai, Chennai 600 002

Statement of Changes in Equity as at 31 March 2021

(in INR crores)

A. Equity share capital

	No. of Shares	Amount
Balance as at 1 April 2019	4,74,14,27,678	4,741.42
Changes in equity share capital during the year	-	-
Add: Issued during the year	56,75,55,800	567.56
Balance as at 31 March 2020	5,30,89,83,478	5,308.98
Balance as at 1 April 2020	5,30,89,83,478	5,308.98
Changes in equity share capital during the year	-	-
Add: Issued during the year	-	-
Balance as at 31 March 2021	5,30,89,83,478	5,308.98

B. Other equity

Particulars	Share application money pending allotment	Reserves and surplus	Total
		Retained earnings	
Balance as at 1 April 2019	82.94	(2500.03)	(2417.09)
Profit / (loss) for the year	-	(3535.71)	(3535.71)
Other comprehensive income:			
Remeasurement gain / (loss) of defined benefit plans, net of tax	-	989.96	989.96
Transfer to retained earnings	-	-	-
Share allotment	(82.94)	-	(82.94)
Balance as at 31 March 2020	-	(5045.78)	(5045.78)
Balance as at 1 April 2020	-	(5045.78)	(5045.78)
Profit / (loss) for the year	-	(3402.27)	(3402.27)
Other comprehensive income:			
Remeasurement gain / (loss) of defined benefit plans, net of tax	-	1651.71	1651.71
Transfer to retained earnings	-	-	-
Balance as at 31 March 2021	-	(6796.34)	(6796.34)

See accompanying notes to the financial statements

As per our report of even date
For **V. Narayanan & Co**
Chartered Accountants
Firm No.002398S

N. Venkateswaran
Partner
Membership No. 202320
Place: Chennai
Date : 19 March 2022

V. NARAYANAN & CO
#23, CV Raman Road, Alwarpet, Chennai-18
CHARTED ACCOUNTANTS

For and on behalf of the Board of Directors of
Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948

V. Savitha
Chief Financial Controller

M. Maheswari Bai
Director Finance
DIN: 07160357

K. Sundaravadhanam
Company Secretary

S. Shanmugam
Managing Director
DIN: 07471901

Notes to the financial statements as at 31 March 2021

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

(in INR crores)

Reconciliation of carrying amount

Particulars	Freehold land	Buildings	Hydraulic works	Other civil works	Plant and equipment	Line and cables	Vehicles	Furnitures and fixtures	Office equipment	Capital spare	Others	Total (A)	Capital work-in-progress (B)	Total (A+B)
Deemed cost (Gross carrying amount)														
Balance as at 1 April 2019	7,689.29	816.00	0.84	153.79	9,457.27	13,890.53	1.09	3.30	14.09	216.12	-	32,242.32	8,552.10	40,794.42
Additions during the year	36.93	13.12	0.29	3.70	929.00	750.34	0.49	0.12	1.19	64.41	0.56	1,800.15	2,974.76	4,774.91
Disposals/transfers during the year	-	-	-	-	0.03	-	-	-	-	-	0.56	0.59	-	0.59
Balance as at 31 March 2020	7,726.22	829.12	1.13	157.49	10,386.24	14,640.87	1.58	3.42	15.28	280.53	-	34,041.88	11,526.86	45,568.74
Additions during the year	31.67	27.96	-	4.52	886.87	652.85	0.10	0.01	1.51	-	1.42	1,606.91	2,673.13	4,280.04
Disposals/transfers during the year	-	0.27	-	-	2.18	-	-	-	-	55.48	1.40	59.33	-	59.33
Balance as at 31 March 2021	7,757.89	856.81	1.13	162.01	11,270.93	15,293.72	1.68	3.43	16.79	225.05	0.02	35,589.46	14,199.99	49,789.45
Accumulated depreciation and impairment losses														
Balance as at 1 April 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	38.43	0.17	9.61	628.71	735.33	0.26	0.39	2.00	-	-	1,414.90	-	1,414.90
Disposals/transfers during the year	-	-	-	-	0.01	-	-	-	-	-	-	0.01	-	0.01
Balance as at 31 March 2020	-	38.43	0.17	9.61	628.70	735.33	0.26	0.39	2.00	-	-	1,414.89	-	1,414.89
Depreciation during the year	-	39.09	0.18	9.75	672.22	768.88	0.30	0.40	2.29	-	-	1,493.11	-	1,493.11
Disposals/transfers during the year	-	0.19	-	-	1.32	-	-	-	-	-	-	1.51	-	1.51
Balance as at 31 March 2021	-	77.33	0.35	19.36	1,299.60	1,504.21	0.56	0.79	4.29	-	-	2,906.49	-	2,906.49
Carrying amount as at 1 April 2019	7,689.29	816.00	0.84	153.79	9,457.27	13,890.53	1.09	3.30	14.09	216.12	-	32,242.32	8,552.10	40,794.42
Carrying amount as at 31 March 2020	7,726.22	790.69	0.96	147.88	9,757.54	13,905.54	1.32	3.03	13.28	280.53	-	32,626.99	11,526.86	44,153.85
Carrying amount as at 31 March 2021	7,757.89	779.48	0.78	142.65	9,971.33	13,789.51	1.12	2.64	12.50	225.05	0.02	32,682.97	14,199.99	46,882.96

Note:

1 The scheme wise registers for Capital work-in-progress are being maintained by the Company. The Company is in the process of carrying out the further reconciliation and to match with the books of accounts.

Notes to the financial statements as at 31 March 2021

4(b) Other intangible assets and intangible assets under development

(in INR crores)

Reconciliation of carrying amount

Particulars	Right of way	Intangible assets under development
Deemed cost (Gross carrying amount)		
Balance as at 1 April 2019	205.71	-
Additions during the year	37.30	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	**243.01**	**-**
Additions during the year	41.05	9.87
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	**284.06**	**9.87**
Accumulated amortization and impairment losses		
Balance as at 1 April 2019	-	-
Amortization during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	**-**	**-**
Amortization during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	**-**	**-**
Carrying amount as at 1 April 2019	**205.71**	**-**
Carrying amount as at 31 March 2020	**243.01**	**-**
Carrying amount as at 31 March 2021	**284.06**	**9.87**

Notes to the financial statements as at 31 March 2021

(in INR crores)

5 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Security and other deposits	6.74	6.74	6.73
	6.74	**6.74**	**6.73**

6 Other non-current assets

	31 March 2021	31 March 2020	1 April 2019
Capital advances	93.90	138.84	28.17
	93.90	**138.84**	**28.17**

7 Financial assets - Trade receivables

	31 March 2021	31 March 2020	1 April 2019
Trade receivables			
Unsecured, considered good	167.85	675.60	198.52
Doubtful	-	-	-
Total trade receivables	167.85	675.60	198.52

The Company's exposure to credit risk and loss allowance related to trade receivables are disclosed in note 35.

8 Financial assets - Cash and bank balances

	31 March 2021	31 March 2020	1 April 2019
Balances with banks			
Balance in current account	423.37	171.10	128.23
Balance in short term deposit	-	-	0.39
Cash, cheques and drafts on hand	1.25	1.26	1.78
	424.62	**172.36**	**130.40**

9 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Amount recoverable from employees	40.39	42.93	36.90
Unbilled revenue	1.32	2.07	10.90
	41.71	**45.00**	**47.80**

10 Current tax asset

	31 March 2021	31 March 2020	1 April 2019
Balances with government authorities	5.03	3.56	0.10
	5.03	**3.56**	**0.10**

11 Other current assets

	31 March 2021	31 March 2020	1 April 2019
Unsecured, considered good			
Advances to suppliers and contractors	0.11	0.06	0.15
Inter-unit balances	-	2.80	277.01
	0.11	**2.86**	**277.16**

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

12 Equity Share capital

	31 March 2021	31 March 2020	1 April 2019
Authorized			
10,000,000,000 shares (31 March 2020: 10,000,000,000; 1 April 2019: 10,000,000,000) equity shares of Rs. 10 each	10,000.00	10,000.00	10,000.00
	10,000.00	10,000.00	10,000.00
Issued, subscribed and paid-up			
5,308,983,478 (31 March 2020: 5,308,983,478 ; 1 April 2019: 4,741,427,678) equity shares of Rs 10 each fully paid up	5,308.98	5,308.98	4,741.42
	5,308.98	5,308.98	4,741.42

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

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	5,30,89,83,478	5,308.98	4,74,14,27,678	4,741.42
Shares issued for cash	-	-	56,75,55,800	567.56
At the end of the year	5,30,89,83,478	5,308.98	5,30,89,83,478	5,308.98

b) Rights, preferences and restrictions attached to equity shares

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

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

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

	31 March 2021		31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited, holding company	5,30,89,83,478	5,308.98	5,30,89,83,478	5,308.98
	5,30,89,83,478	5,308.98	5,30,89,83,478	5,308.98

d) Details of shareholders holding more than 5% shares in the Company

	31 March 2021		31 March 2020	
	No. of shares*	% held	No. of shares*	% held
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited	5,30,89,83,478	100%	5,30,89,83,478	100%
	5,30,89,83,478	100%	5,30,89,83,478	100%

*Shares details are in absolute numbers.

13.1 Other equity

	31 March 2021	31 March 2020	1 April 2019
Share application money pending allotment	-	-	82.94
Retained earnings	(6,796.34)	(5,045.78)	(2,500.03)
	(6,796.34)	(5,045.78)	(2,417.09)

13.2 Retained earnings

	31 March 2021	31 March 2020
Opening balance	(5,045.78)	(2,500.03)
Add: Profit (loss) for the year	(3,402.27)	(3,535.71)
Add : Remeasurement gain / (loss) of defined benefit plans, net of tax	1,651.71	989.96
Closing balance	(6,796.34)	(5,045.78)

Notes:

Retained earnings represents the amount that can be distributed by the Company as dividends considering the requirements of The Companies Act, 2013. No dividends were distributed by the Company.

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

14 Non-current Financial liabilities - Borrowings

	31 March 2021	31 March 2020	1 April 2019
Term loan from bank			
Secured	19,960.86	19,071.21	14,579.23
Unsecured	3,245.29	2,762.50	2,363.58
	23,206.15	**21,833.71**	**16,942.81**

Term loans and working capital loans are secured by the mortgage on property, plant and equipment and hypothecation of current assets of the Company.

The Company through Government of India (GOI) and Government of Tamil Nadu (GoTN) has borrowed loans from Japan International Cooperation Agency (JICA), KfW and Asian Development Bank (ADB) for meeting its project commitments. Although, GOI shall repay the loan instalments to the banks, the ultimate obligation of repaying the loan along with foreign exchange fluctuations, if any, lies with the Company.

The Company is exposed to interest rate risk arising from floating rate borrowings linked to the benchmark rates. (refer note 35 for interest rate risk).

The Company's exposure to liquidity risks related to other financial liabilities is disclosed in note 35.

14A Details of terms and repayment schedule

Particulars	Interest rate	Tenor (in years)	31 March 2021	31 March 2020	1 April 2019
Term loans					
Secured					
a. from banks					
Bank of Baroda, PTC India Limited	9.45% to 10.25%	12 to 15 years	862.19	764.06	790.74
			862.19	**764.06**	**790.74**
b. from financial institutions					
Rural Electrification Corporation	10% to 12%	10 to 19 years	10,996.67	10,471.55	8,003.69
Power Finance Corporation	9% to 11.29%	15 years	7,446.21	7,225.05	5,096.21
National Bank for Agriculture and Rural Development	10.75%	15 years	122.15	135.72	145.90
Housing and Urban Development Corporation	10.50%	15 years	357.31	474.83	542.69
Indian Renewable Energy Development Agency Limited	9.50%	3 years	176.33	-	-
			19,098.67	**18,307.15**	**13,788.49**
			19,960.86	**19,071.21**	**14,579.23**
Unsecured					
a. from Indian financial institutions					
Life Insurance Corporation of India	8.8% to 13%	15 years	58.23	108.17	174.77
			58.23	**108.17**	**174.77**
b. from foreign financial institutions					
GoTN (JICA)	0.55%	30 years	2,003.22	2,035.06	1,660.06
GoTN (KfW)	1.63%	15 years	496.29	497.96	528.75
GoTN (ADB)	LIBOR+0.50%	20 years	667.10	100.86	-
			3,166.61	**2,633.88**	**2,188.81**
c. from government					
Government of Tamil Nadu	0.00%	10 years	20.45	20.45	-
			20.45	**20.45**	**-**
			3,245.29	**2,762.50**	**2,363.58**

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

15 Deferred tax liabilities

	31 March 2021	31 March 2020	1 April 2019
Deferred tax liabilities	-	-	-
	-	-	-

16 Provision - Non-current

	31 March 2021	31 March 2020	1 April 2019
Employee benefit provisions (refer note 31)	7,320.59	6,867.00	5,369.25
	7,320.59	**6,867.00**	**5,369.25**

17 Other non-current liabilities

	31 March 2021	31 March 2020	1 April 2019
Earnest money deposits and retention money	2,300.54	1,695.39	1,190.80
Deferred revenue on consumer contribution	588.42	338.58	253.40
Government grants	547.09	507.21	490.79
	3,436.05	**2,541.18**	**1,934.99**

18 Current financial liabilities - Borrowings

	31 March 2021	31 March 2020	1 April 2019
Loans repayable on demand			
(a) Cash credit from banks	-	47.29	182.40
(b) Current maturity of long term borrowings	2,700.15	1,492.25	2,089.08
	2,700.15	**1,539.54**	**2,271.48**

Term loans and working capital loans are secured by the mortgage on property, plant and equipment and hypothecation of current assets of the Company.

**Current maturity of long term borrowings includes the following:

	31 March 2021	31 March 2020	1 April 2019
Interest accrued but not due on borrowings	230.17	191.72	144.99
Interest accrued and due on borrowings	63.27	35.42	17.60
Principal amount	2,406.71	1,312.40	2,108.89
	2,700.15	**1,539.54**	**2,271.48**

19 Financial liabilities - Trade payables

	31 March 2021	31 March 2020	1 April 2019
Due to micro, small and medium enterprises (refer note 42)	13.73	18.53	13.11
Dues to others	5.17	495.56	915.80
	18.90	**514.09**	**928.91**

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 35.

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

	31 March 2021	31 March 2020	1 April 2019
Trade payables to related parties	0.67	0.04	0.04

20 Other financial liabilities

	31 March 2021	31 March 2020	1 April 2019
Employee benefits payable	160.43	168.72	148.14
Payable to related parties*	11,345.15	10,555.57	10,538.22
	11,505.58	**10,724.29**	**10,686.36**

*During the year, the Company completed the reconciliation of its books of accounts with its fellow subsidiary company TANGEDCO and an amount of INR 191.26 crores (refer note 47) was adjusted against opening retained earnings as at 1 April 2019. However confirmation from TANGEDCO for the closing balance as at 31 March 2021 and final sign off between parties for all the reconciling items is yet to be completed.

The Company's exposure to liquidity risks related to other financial liabilities is disclosed in note 35.

21 Provision - Current

	31 March 2021	31 March 2020	1 April 2019
Provision for employee benefits	997.44	790.40	958.82
	997.44	**790.40**	**958.82**

Disclosures as per Ind AS 19, *Employee benefits* are provided in note 31.

22 Other current liabilities

	31 March 2021	31 March 2020	1 April 2019
Duties and taxes	0.82	0.62	0.50
Consumer's contribution for capital work-in-progress	8.65	8.65	9.17
Others	179.57	359.14	262.39
Inter unit balance*	30.31	-	-
	219.35	**368.41**	**272.06**

*The Company had during the previous year engaged an independent consultant to reconcile its Inter unit balances with the records maintained at various units. As of year end, the process is in progress and there is an unreconciled balance of INR 30.31 crores.The Company is in the process of continuing the clean up of all balances including legacy balances to match the same with the books of account. Pending completion of the said process, the entire amount of INR 30.31 crores has been disclosed as other current liabilities as at 31 March 2021 and under other current assets as at 31 March 2020 and 31 March 2019 (refer note 11).

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

23 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Transmission charges	2,895.04	2,798.21
Scheduling and system operating charges and other operating income	227.73	366.70
	3,122.77	**3,164.91**

Disclosures as per Ind AS 115, *Revenue from Contracts with Customers* are provided in note 41.

24 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Liquidated damages recovered***	248.10	175.82
Interest on staff loans and advances	1.69	1.45
Income from sale of scrap	1.83	0.88
Other non-operating income	16.67	129.82
	268.29	**307.97**

***includes foreign exchange gain of INR 102.66 crores

25 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	1,148.14	1,109.75
Contribution to provident and other funds	91.61	84.85
Post employment benefits	2,381.57	2,733.81
Staff welfare expenses	0.86	0.64
Less: Employee benefit expenses capitalized	(115.31)	(141.07)
	3,506.87	**3,787.98**

26 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense	2,386.90	1,994.82
Interest paid on contribution to provident and other funds	-	0.01
Processing and commitment charges	8.26	2.26
Less: Finance cost capitalized	(792.91)	(489.03)
	1,602.25	**1,508.06**

27 Depreciation and amortization expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (Refer Note 4(a))*	1,491.07	1,414.16
Amortization of intangible assets	-	-
	1,491.07	**1,414.16**

*Depreciation of property, plant and equipment is presented net of depreciation capitalized for the year INR 0.53 crores in FY20-21 (INR 0.74 crores in FY19-20)

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

28 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Insurance expenses	0.15	0.13
Repairs and maintenance:		
Plant & machinery	23.12	18.94
Buildings and civil works	1.74	2.04
Lines, cables and networks	5.12	4.86
Others	1.03	0.92
Rent	0.18	0.26
Rates and taxes	0.66	0.61
License and other fees	1.53	1.88
Telephone and communication expenses	1.13	1.09
Legal and consulting charges expenses	1.17	1.91
Travelling and conveyance expenses	17.51	18.58
Printing and stationary expenses	0.52	0.53
Security charges	15.94	12.98
Freight	0.58	0.66
Payment to Auditors (refer note (i) below)	0.12	0.13
Miscellaneous expenses	141.37	0.42
Foreign exchange difference	-	250.20
Less: Other expenses capitalized	(18.73)	(17.75)
	193.14	**298.39**

(i) Payment to Auditors

	Year ended 31 March 2021	Year ended 31 March 2020
As auditor:		
Statutory audit fees	0.10	0.09
Tax audit fees	-	0.02
Reimbursement of expenses	0.02	0.03
	0.12	**0.13**

29 Tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Deferred tax (refer note 40)	-	-
	-	-

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

30 Earnings per share

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

Since the shares issued by the Company are non-dilutive in nature, the Company's basic and diluted earnings per share shall remain the same.

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

	Year ended 31 March 2021	Year ended 31 March 2020
Profit (loss) for the year, attributable to the equity holders	(3,402.27)	(3,535.71)

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

	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance	5,30,89,83,478	4,74,14,27,678
Effect of fresh issue of shares for cash	-	6,33,96,137
Weighted average number of equity shares for the year	5,30,89,83,478	4,80,48,23,815

Earnings per share		
Basic and diluted earnings per share (In INR)	**(6.41)**	**(7.36)**

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

31 Assets and liabilities relating to employee benefits (refer note 3(f))

	Non-current			Current		
	31 March 2021	31 March 2020	1 April 2019	31 March 2021	31 March 2020	1 April 2019
Provision for gratuity	303.19	311.56	289.00	71.31	7.01	3.95
Provision for staff pension	5,793.97	5,522.70	4,167.02	429.70	481.61	688.75
Liability for compensated absences	605.19	515.14	488.93	76.70	47.61	44.40
Total employee benefit liabilities *	**6,702.35**	**6,349.40**	**4,944.95**	**577.71**	**536.23**	**737.10**

* Excludes provision for general provident fund and contributory pension scheme

A **Defined contribution plan**

Employees who have joined the Company on or after 1 January 2004 are covered under contributary pension scheme. The Company makes contributions to the extent of amount not exceeding 10% of basic pay and dearness allowance, in respect of qualifying employees. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to pension fund for the year aggregated to INR 30.01 crores (2019-20: INR 28.16 crores).

B **Defined benefit plan**

i. **Pension:**

The Company operates post-employment defined benefit plans that provide pension. The pension plan entitles an employee, who has rendered at least ten years of continuous service, to receive 15 days of salary for each year or part thereof in excess of six months of completed service at the time of retirement/exit.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

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

	Year ended 31 March 2021	Year ended 31 March 2020
Present value of obligation at the beginning of the year	6,004.31	4,855.77
Current service cost	1,440.02	1,774.19
Interest cost	426.90	335.05
Benefits paid	-	-
Actuarial (gains) losses on obligations - due to change in financial assumptions	28.88	366.02
Actuarial (gains) losses on obligations - due to experience	(1,676.44)	(1,326.72)
Present value of benefit obligation at the end of the year	**6,223.67**	**6,004.31**

b) Expenses recognized in the statement of profit or loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	1,440.02	1,774.19
Net interest cost	426.90	335.05
Actuarial gains (losses)	-	-
Expenses recognized	**1,866.92**	**2,109.24**

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

31 Assets and liabilities relating to employee benefits (refer note 3(f))

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

	Year ended 31 March 2021	Year ended 31 March 2020
Actuarial (gains) losses on obligation for the year	(1,647.56)	(960.70)
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	**(1,647.56)**	**(960.70)**

ii. Gratuity:

The Company operates post-employment defined benefit plans that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days of salary for each year or part thereof in excess of six months of completed service at the time of retirement/exit.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

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

	Year ended 31 March 2021	Year ended 31 March 2020
Present value of obligation at the beginning of the year	318.57	292.95
Current service cost	39.53	35.66
Interest cost	20.55	19.22
Benefits paid	-	-
Actuarial (gains) losses on obligations - due to change in financial assumptions	1.74	20.16
Actuarial (gains) losses on obligations - due to experience	(5.89)	(49.42)
Present value of benefit obligation at the end of the year	**374.50**	**318.57**

b) Expenses recognized in the statement of profit or loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	39.53	35.66
Net interest cost	20.55	19.22
Actuarial gains (losses)	-	-
Expenses recognized	**60.08**	**54.88**

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

	Year ended 31 March 2021	Year ended 31 March 2020
Actuarial (gains) losses on obligation for the year	(4.15)	(29.26)
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	**(4.15)**	**(29.26)**

Family security fund:

The Company operates post-employment defined benefit plans that provide insurance. The insurance plan entitles an employee, who has contributed a minimum amount for minimum period, the Company will pay the immediate family an fixed amount on the death of the employee. The Company has not undertaken actuarial valuation in respect of this scheme.

(in INR crores)

31 Assets and liabilities relating to employee benefits (refer note 3(f))

C Defined benefit plan

i. Actuarial assumptions are as under

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Year ended 31 March 2021		Year ended 31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Discount rate (per annum)	6.45%	7.11%	6.56%	6.90%
Rate of salary increase	5.00%	5.00%	5.00%	5.00%
Rate of employee turnover	1.00%	1.00%	1.00%	1.00%
Mortality rates				

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the liabilities in Gratuity are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Longevity at age 58 for current members aged 45 or	1.00%	1.00%
Longevity at age 58 for current members aged 44 or	1.00%	1.00%
Longevity at age 65 for current members aged 30 or below	1.00%	1.00%

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Year ended 31 March 2021		Year ended 31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Projected benefit obligation on current assumptions				
Delta effect of +1% change in discount rate	(7.80)	(130.50)	(11.87)	(456.71)
Delta effect of -1% change in discount rate	8.49	144.67	12.99	447.25
Delta effect of +1% change in rate of salary increase	4.91	99.13	6.51	105.97
Delta effect of -1% change in rate of salary increase	(5.24)	(92.99)	(7.15)	(173.63)
Delta effect of +1% change in rate of employee	0.59	12.43	67.06	(34.83)
Delta effect of -1% change in rate of employee turnover	(0.62)	45.77	(72.03)	(48.26)

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

Financial Instruments Disclosures

32 Capital management

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

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

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

The capital structure is as follows:

Particulars	31 March 2021	31 March 2020	1 April 2019
Total liabilities	49,404.21	45,178.62	39,364.68
Less: Cash and cash equivalents	424.62	172.36	130.40
Adjusted net debt (A)	48,979.59	45,006.26	39,234.28
Total equity (B)	(1,487.36)	263.20	2,324.33
Gearing ratio (A/B)	(32.93)	171.00	16.88

33 Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Trade receivables	-	-	167.85	-	-	675.60
Cash and cash equivalents	-	-	424.62	-	-	
Other financial asset	-	-	48.45	-	-	51.74
Total assets	-	-	640.92	-	-	727.34
Financial liabilities						
Borrowings	-	-	25,906.30	-	-	23,373.25
Trade payables	-	-	18.90	-	-	514.09
Other financial liabilities	-	-	11,505.58	-	-	10,724.29
Total liabilities	-	-	37,430.78	-	-	34,611.63

Particulars	1 April 2019		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Trade receivables	-	-	198.52
Cash and cash equivalents	-	-	130.40
Other financial asset	-	-	54.53
Total assets	-	-	383.45
Financial liabilities			
Borrowings	-	-	19,214.29
Trade payables	-	-	928.91
Other financial liabilities	-	-	10,686.36
Total liabilities	-	-	30,829.56

34 Fair value hierarchy

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

(in INR crores)

35 Financial risk management

i. Risk management framework

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

The Company's principal financial liabilities, comprises of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents.

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

Risk	Exposure arising from	Management Response
Credit risk	Trade receivable, cash and cash equivalents and other financial assets	The Company is the sole power transmission entity in the state of Tamil Nadu. Its services are provided predominantly to its group entity i.e., Tamil Nadu Generation and Distribution Corporation Limited ('TANGEDCO'). The Company has robust collection mechanism and hence do not foresee any risk on collections. The risk on receivables from TANGEDCO are considered to be nil as both the Company and TANGEDCO are owned by GoTN. Hence, the Company has not recognized any provision for Expected Credit Losses ('ECL').
Liquidity Risk	Borrowings and other liabilities	The Company's board regularly monitors the liquidity position of the Company and takes proactive measures to ensure that the Company does not default on payment obligations. Further, the Company has credit lines with reputed financial institutions to mitigate any unplanned events.
Market risk - interest rate risk	Interest rate risk on borrowings	The Company regularly monitors its borrowing arrangements with all its lenders to ensure that the Company gets funding at the prevailing market rates. The Company is taking measures to improve its credit rating and thereby bringing down its cost of borrowing.
Market risk - foreign currency risk	Financial liabilities denominated in foreign currency	The Company has only limited exposure to foreign currency currently and hence does not have any material risk on account of foreign exchange fluctuations.

A Credit risk

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

(in INR crores)

Exposure to credit risk

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

	31 March 2021	31 March 2020	1 April 2019
Financial assets for which loss allowance is measured using 12 months ECL			
Non- current financial assets			
(i) Other financial assets	6.74	6.74	6.73
Current financial assets			
(ii) Cash and cash equivalents	424.62	172.36	130.40
(iii) Other financial assets	41.71	45.00	47.80
	473.07	224.10	184.93
Financial assets for which loss allowance is measured using Life time ECL			
(i) Trade receivables	167.85	675.60	198.52
	167.85	675.60	198.52

Provision for ECL

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

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

b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers (including State government entities) with capacity to meet the obligations and therefore the risk of default, loss given default is negligible or nil.

The ageing analysis of the trade receivables is as below:

Ageing	Not due	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	more than 365 days
Gross carrying amount as at 31 March 2021	-	167.85	-	-	-	-	-
Gross carrying amount as at 31 March 2020	-	675.60	-	-	-	-	-
Gross carrying amount as at 1 April 2019	-	198.52	-	-	-	-	-

B Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company monitors the net liquidity position on the basis of expected cash flows vis-a-vis debt service fulfilment obligation. The Company has sufficient liquidity to meet its obligations. The Company manages liquidity risk by maintaining adequate banking facilities and borrowing facilities/limits. The Company ensures that, it has sufficient liquidity to meet its expected operational expenses including servicing of financial obligations. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

Maturities of financial liabilities

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

Particulars	31 March 2021				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Borrowings*	-	2,700.15	23,206.15	-	-
Trade payables**	-	18.90	-	-	-
Other financial liabilities	-	11,505.58	-	-	-

(in INR crores)

Particulars	31 March 2020				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Borrowings	-	1,492.25	21,833.71	-	-
Trade payables	-	514.09	-	-	-
Other financial liabilities	-	10,724.29	-	-	-

Particulars	1 April 2019				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Borrowings	-	2,089.08	16,942.81	-	-
Trade payables	-	928.91	-	-	-
Other financial liabilities	-	10,686.36	-	-	-

C Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk are comprised of three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings.

The analysis exclude the impact of movements in market variables on the carrying values of post-retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising mainly from non-current borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with foreign currency floating rate borrowings will fluctuate with changes in interest rates. Refer above for the mitigating factors towards interest rate risk.

Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuation arises. The Company has availed foreign currency loan from foreign financial institutions and hence there is foreign currency risk involved to this extent. Refer above for the mitigating factors towards foreign currency risk.

The following table analyses foreign currency liabilities on balance sheet dates:

Foreign currency liabilities	31 March 2021		31 March 2020		1 April 2019	
	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores
In USD	9.08	667.10	1.34	100.86	-	-
In EURO	6.50	559.61	6.76	561.57	7.12	555.19
In JPY	3,018.71	2,003.22	2,908.07	2,035.07	2,652.07	1,660.07

Other market price risk

The Company does not have any financial asset/liability which has any other market price risk involved other than those discussed above.

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

40 Income Tax

A Amounts recognized in the Statement Profit and Loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Deferred tax expense/ (income)	(717.90)	(666.96)
Reversal of Deferred tax expense/ (income) (refer note B below)	717.90	666.96
Tax expense for the year	-	-

B Movement in deferred tax balances

	31 March 2021			
	Opening balance	Recognized in profit or loss*	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	4,800.01	(169.15)	-	4,630.86
	4,800.01	(169.15)	-	4,630.86
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(5.34)	2.69	-	(2.65)
Provision on employee benefits	(2,148.25)	(123.13)	-	(2,271.38)
Carry forward losses	(4,495.33)	(428.31)	-	(4,923.64)
	(6,648.92)	(548.75)	-	(7,197.67)
Net tax (asset) / liabilities	(1,848.91)	(717.90)	-	(2,566.81)

	31 March 2020			
	Opening balance	Recognized in (profit)/ loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax				
Property, plant and equipment	4,603.20	196.81	-	4,800.01
	4,603.20	196.81	-	4,800.01
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(5.16)	(0.18)	-	(5.34)
Provision on employee benefits	(1,772.83)	(375.43)	-	(2,148.25)
Carry forward losses and unabsorbed depreciation	(4,007.17)	(488.16)	-	(4,495.33)
	(5,785.16)	(863.77)	-	(6,648.92)
Net tax (asset) / liabilities	(1,181.96)	(666.96)	-	(1,848.91)

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

(in INR crores)

36 **Disclosure as per Ind AS 21 *The Effects of Changes in Foreign Exchange Rates***

The amount of exchange differences (net) resulting in a gain is credited to the statement of profit and loss during the year is INR 102.66 crores (31 March 2020: loss debited to Statement of profit and loss is INR 250.20 Crores).

37 **Disclosure as per Ind AS 23 *Borrowing Costs***

Borrowing costs capitalized during the year is INR 792.91 crores (31 March 2020: INR 489.03 crores).

38 **Impact of COVID-19**

India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic. Majority of Company's business includes transmission of power in the state of Tamil Nadu. Considering power transmission being an essential service, management believes that there is not much of an impact likely due to this pandemic on the business of the Company.

The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc. and is of the view that based on its present assessment, this situation does not materially impact the operations.

The Company believes that the impact due to the outbreak of COVID-19 is likely to be short-term in nature and does not anticipate any medium to long-term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Impact assessment of COVID-19 is a continuing process considering the uncertainty involved thereon. The Company will continue to closely monitor any material changes to the future economic conditions.

39 **Related parties**

a. **List of related parties**

Parent and ultimate controlling party

TNEB Limited is the parent and the ultimate controlling party of the Company.

Fellow subsidiary

Tamil Nadu Generation and Distribution Corporation Limited is the fellow subsidiary company of the company.

Key Managerial Personnel and their relatives

Thiru. Shri Vikram Kapur I.A.S. - Chairman, Additional Chief Secretary to Government, GoTN till 8 June 2020
Thiru. Pankaj Kumar Bansal, I.A.S. - Chairman, Additional Chief Secretary to Government, GoTN till 16 May 2021
Dr. Subodh Kumar I.A.S. - Joint Managing Director
Dr. S. Vineeth, I.A.S. - Joint Managing Director
Er. S. Shanmugam, B.E. - Managing Director
Er. T. Senthilvelan ,B.E. - Director/Transmission Project.
Tmy. M. Maheswari Bai, B.Com., ACMA - Director /Finance
Thiru. N. Mahendiran, B.Com., A.C.A. - Chief Financial Controller
Thiru. Dhanasekaran Sureshkumar, B.Com., ACMA, ACS - Company Secretary

Entities under the control of the same government

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

The Company has for the first time adopted Ind AS financials during FY 2020-21. Consequently, the Company is in the process of collating all the relevant data required to be disclosed in its financials as required under Ind AS 24 *Related Party Transactions.*

(in INR crores)

41 Disclosure as per Ind AS 115, *Revenue from Contracts with Customers*

A Disaggregation of revenue

Particulars	Transmission of power		State Load Dispatch Center ('SLDC')		Total	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Transmission charges	2,895.04	2,798.21	-	-	2,895.04	2,798.21
Scheduling and system operating charges and other operating income	193.76	329.31	33.97	37.39	227.73	366.70
Total revenue from operations	**3,088.80**	**3,127.52**	**33.97**	**37.39**	**3,122.77**	**3,164.91**

B **Contract balances**

Contract assets are recognized when there is excess of revenue earned over billings on contracts.

The following table provides information about trade receivables, unbilled revenue and advances from customers/payable to beneficiaries:

	31 March 2021		31 March 2020	
	Current	Non-current	Current	Non-current
Trade receivables	167.85	-	675.60	-
Unbilled revenue	1.32	-	2.07	-

42 **Information in respect of micro and small enterprises as at 31 March 2021 as required by Schedule III of Companies Act, 2013 and Micro, Small and Medium Enterprises Development Act, 2006:**

	31 March 2021	31 March 2020	1 April 2019
Principal amount remaining unpaid	13.01	17.81	12.39
Interest due thereon	0.72	0.72	0.72
The amount of Interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest due and payable for the year	-	-	-
The amount of interest accrued and remaining unpaid	-	-	-
The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-	-

43 **Corporate Social Responsibility Expenses (CSR)**

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

(in INR crores)

44 Disclosure as per Ind AS 116 *Leases*

(A) Company as Lessee

(a) The Company has leasehold land arrangements for 99 years with notional lease payments of INR 1 per annum or in some cases, the Company incurs only maintenance charges in respect of the land while no lease payments are actually made for such assets.

(b) The Company is currently using land and building belonging to TNEB Limited (holding company) for its head office and branch offices on free of cost basis.

(B) Company as Lessor

(a) Operating Leases

The Company provides accommodation to employees in the case of transfer to another location or for the employees working in remote locations. The accommodation can be used by these employees during their tenor of employment and the Company charges rent for the same. The rental amount is determined based on the house rent allowance applicable to the employees. The Company has classified this arrangement as operating lease based on the principles enunciated in para 62 of Ind AS 116.

The following are the amounts recognized in Statement of Profit and Loss:

	Year ended 31 March 2021	Year ended 31 March 2020
Lease income	0.10	0.09

45 Operating Segments

A. Basis for segmentation

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

The Company has 2 reportable segments, as described below, which are the Company's strategic business units. These business units offer different services and are managed separately. For each of the business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the reportable segments:

Reportable segments	Operations
Transmission of power	Transmission of power to high tension customers through distribution network and related ancillary services.
State Load Dispatch Centre (SLDC)	Scheduling, system operations, evaluation of generators' applications regarding grid connectivity

B. Information about reportable segments

The Company has for the first time adopted Ind AS financials during FY 2020-21. Consequently, the Company is in the process of collating all the relevant data required to be disclosed in its financials as required under Ind AS 108 *Operating segments*.

46 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. Also, against the said disputes, the Company has preferred appeals to CIT(Appeals) and Income Tax Appellate Tribunal for which proceedings are pending as at the year end. For Assessment years 2019-20 and 2020-21, assessment is yet to be completed.

The Company during FY 2020-21 has filed its annual return pertaining to FY 2018-19 and acknowledged a GST liability of INR 52.88 crores. However, the same has not been provided in the books of accounts. The Company is in the process of ascertaining the GST liability if any for the subsequent periods, including transfer of assets between the Company and its fellow subsidiary, if any, and pending completion of the said process, no liability has been provided in the books.

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

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

The Company's financial statements for the year ended 31 March 2021 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

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

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

Optional exemptions availed and mandatory exceptions

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

A Optional exemptions availed

i. Deemed cost for Property plant and equipment, intangible assets

As permitted by Ind AS 101, the Company has elected to carry out a fair valuation of fixed assets through an independent consultant as on date of transition and consider it as their deemed cost under Ind AS. Fair value arrived by the independent consultant has been adopted by the Company and accordingly the book values are restated to the extent of INR 1,712.65 crores as on 1 April 2019.

B. Mandatory exceptions

i. Estimates

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Measurement of defined benefit obligations;
- Key actuarial assumptions;
- Estimations used for determination of tax expenses and tax balances.

ii. Classification and measurement of financial assets / financial liabilities

The Company has assessed the classification of financial assets based on facts and circumstances that existed on the date of transition.

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

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

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

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

	Particulars	31 March 2020 (Last period presented under previous GAAP)				1 April 2019 (Date of Transition)			
		Previous GAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS	Previous GAAP	IGAAP Restatement* *	Effect of transition to Ind AS*	Ind AS
	ASSETS								
1	Non-current assets								
	Property, plant and equipment	30,034.03	454.32	2,138.64	32,626.99	30,350.50	(36.93)	1,928.75	32,242.32
	Capital work-in-progress	11,668.15	(191.13)	49.84	11,526.86	8,692.84	(140.74)	-	8,552.10
	Other intangible assets	-	-	243.01	243.01	-	-	205.71	205.71
	Financial assets								
	(i) Other financial assets	6.74	-	-	6.74	6.73	-	-	6.73
	Other non-current assets	138.84	-	-	138.84	28.17	-	-	28.17
	Total non-current assets	41,847.76	263.19	2,431.49	44,542.44	39,078.24	(177.67)	2,134.46	41,035.03
2	Current assets								
	Inventories	198.26	-	(198.26)	-	243.80	-	(243.80)	-
	Financial assets								
	(i) Trade receivables	10,850.67	(143.73)	(10,031.34)	675.60	8,276.84	(143.73)	(7,934.59)	198.52
	(ii) Cash and cash equivalents	172.36	-	-	172.36	130.40	-	-	130.40
	(iii) Other financial asset	45.01	-	-	45.01	47.80	-	-	47.80
	Current tax assets	3.56	-	-	3.56	0.10	-	-	0.10
	Other current assets	279.06	(276.21)	-	2.85	135.47	141.69	-	277.16
	Total current assets	11,548.92	(419.94)	(10,229.60)	899.38	8,834.41	(2.04)	(8,178.39)	653.98
	TOTAL ASSETS	53,396.68	(156.75)	(7,798.11)	45,441.82	47,912.65	(179.71)	(6,043.93)	41,689.01

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

	EQUITY AND LIABILITIES								
	Equity								
	Equity share capital	5,308.98	-	-	5,308.98	4,741.42	-	-	4,741.42
	Other equity	(1,441.37)	(191.25)	(3,413.16)	(5,045.78)	323.31	(191.25)	(2,549.15)	(2,417.09)
	TOTAL EQUITY	3,867.61	(191.25)	(3,413.16)	263.20	5,064.73	(191.25)	(2,549.15)	2,324.33
1	Non-current liabilities								
	Financial liabilities								
	(i) Borrowings	21,833.71	-	-	21,833.71	16,942.81	-	-	16,942.81
	Deferred tax liability	-	-	-	-	-	-	-	-
	Provision - non-current	517.60	-	6,349.40	6,867.00	424.30	-	4,944.95	5,369.25
	Other non-current liabilities	3,438.63	-	(897.45)	2,541.18	2,920.78	-	(985.79)	1,934.99
	Total non-current liabilities	25,789.94	-	5,451.95	31,241.89	20,287.89	-	3,959.16	24,247.05
2	Current liabilities								
	Financial liabilities								
	(i) Borrowings	1,312.40	-	227.14	1,539.54	2,108.90	-	162.58	2,271.48
	(ii) Trade payables	21,206.29	(478.44)	(20,213.76)	514.09	19,393.68	(194.80)	(18,269.97)	928.91
	(iii) Other financial liabilities	227.14	376.12	10,121.03	10,724.29	162.60	205.97	10,317.79	10,686.36
	Provisions - current	168.73	-	621.67	790.40	148.14	-	810.68	958.82
	Other current liabilities	824.57	136.82	(592.98)	368.41	746.71	0.37	(475.02)	272.06
	Total current liabilities	23,739.13	34.50	(9,836.90)	13,936.73	22,560.03	11.54	(7,453.94)	15,117.63
	TOTAL EQUITY AND LIABILITIES	53,396.68	(156.75)	(7,798.11)	45,441.82	47,912.65	(179.71)	(6,043.93)	41,689.01

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

Particulars	31 March 2020 (Last period presented under previous GAAP)		
	IGAAP	Effect of transition to Ind AS*	Ind AS
INCOME			
Revenue from operations	3,164.91	-	3,164.91
Other income	201.32	106.65	307.97
TOTAL INCOME	3,366.23	106.65	3,472.88
EXPENSES			
Employee benefits expense	1,538.05	2,249.94	3,787.98
Finance costs	1,814.94	(306.89)	1,508.06
Depreciation and amortization expense	1,039.52	374.64	1,414.16
Other expenses	48.20	250.19	298.39
TOTAL EXPENSES	4,440.71	2,567.88	7,008.59
Profit before tax	(1,074.48)	(2,461.23)	(3,535.71)
Tax expense:			
- Current tax	-	-	-
- Deferred tax	-	-	-
Profit For The Year	(1,074.48)	(2,461.23)	(3,535.71)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plan	-	989.96	989.96
- Income tax relating to items that will not be reclassified to profit or loss (net)	-	-	-
Total other comprehensive income	-	989.96	989.96
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,074.48)	(1,471.27)	(2,545.75)

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

Particulars	31 March 2020 (Last period presented under previous GAAP)	1 April 2019 (Date of Transition)
Total equity (shareholders' fund) under previous GAAP	3,867.61	5,064.75
Adjustments for prior period correction [A]	(191.26)	(191.26)
Total equity (shareholders' fund) under previous GAAP (restated)	3,676.35	4,873.49
Ind AS Adjustments [B]:		
Fair valuation of fixed assets	1,712.65	1,712.65
Consumer contribution	1,236.04	1,239.19
Recognition of right of way	205.71	205.71
Depreciation	232.62	-
Others	85.26	(24.57)
Actuarial valuation on employee benefits	(7,875.38)	(5,682.14)
Gain on remeasurement of defined benefit plan	989.96	-
Total adjustment to equity	(3,604.41)	(2,740.42)
Total equity under Ind AS	263.20	2,324.33

Notes to the financial statements for the year ended 31 March 2021

(in INR crores)

A Restatement of material prior period errors and omissions:

On transition to Ind AS, the Company has carried out a detailed exercise to reconcile the legacy accounting errors and omissions. The Company had unreconciled inter-unit and inter-company balances in its books since the inception of the Company. Basis the reconciliation exercise the Company has identified various transactions that were resulting in unreconciled balances and the same are recorded in the books in the respective periods. The rectification entries includes reclassification of inter-unit/inter-company balances between various heads of balance sheet and passing necessary adjustments to opening retained earnings.

B Notes to Ind AS adjustments

1. **Fair valuation of fixed assets:** The Company as part of its transition to Ind AS determined the fair value of its property, plant equipment ('PPE'). The fair value is considered to be the deemed cost under Ind AS. The difference between the fair value determined as on the date of transition and the carrying value under the previous GAAP amounting to INR 1,712.65 crores has been recognized in the retained earnings. Under previous GAAP, the Company carried its PPE at its historical cost and depreciated the assets using the rates prescribed by Tamil Nadu Regulatory Commission ('TNERC'). On transition to Ind AS, the Company has determined the technical useful life of the assets for the purposes of depreciation.

2. **Consumer contribution:** On transition to Ind AS, the Company has reclassified the consumer contribution received from customer to retained earnings to the extent of work completed. Under previous GAAP, the same is classified under liability.

3. **Recognition of right of way:** The Company obtains the permission for an indefinite period to lay the distribution lines in the state of Tamil Nadu and the compensation paid to the landowners are capitalized under the "Lines & Cables Network" as part of PPE under the previous GAAP. On transition to Ind AS, since Lines & Cables Network" as part of PPE are fair valued, right of way is now capitalized separately as an intangible asset through retained earnings.

4. **Others:** On transition to Ind AS, the Company has reclassified the items in the nature of capital spares to PPE at its fair value with the corresponding impact to retained earnings/ Statement of Profit or Loss. Under previous GAAP, these were classified as inventory and valued at standard cost.

5. **Free reserves:** The Company has several free reserves in the nature of revaluation reserve and property insurance reserves which are identified separately under equity in the previous GAAP. On transition to Ind AS, the Company has reclassified these reserves to retained earnings to reflect its true nature.

6. **Actuarial valuation on employee benefits:** On transition to Ind AS, the Company has recognized provision on employee benefits based on the available independent actuarial valuation report.

As per our report of even date
For **V. Narayanan & Co**
Chartered Accountants
Firm No.002398S

N. Venkateswaran
Partner
Membership No. 202320
Place: Chennai
Date : 19 March 2022

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS #23, CV Raman Road, Alwarpet, Chennai-18

For and on behalf of the Board of Directors of
Tamil Nadu Transmission Corporation Limited
CIN: U40109TN2009SGC071948

V. Savitha
Chief Financial Controller

M. Maheswari Bai
Director Finance
DIN: 07160357

K. Sundaravadhanam
Company Secretary

S. Shanmugam
Managing Director
DIN: 07471901

1. Corporate information

Tamil Nadu Transmission Corporation Limited ("the Company or TANTRANSCO") is a Government of Tamil Nadu undertaking, domiciled in India and incorporated inJune 2009 under the provisions of the Companies Act, 1956, and is headquartered in Chennai.

The Company is a subsidiary of TNEB Limited,a state government company. The Company has emerged out of the scheme known as Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme notified by the Government of Tamil Nadu andis engaged in the business of transmission of power in the state of Tamil Nadu.

2. Basis of preparation

a. Statement of compliance

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

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

As these are the Company's first financial statements prepared in accordance with Ind AS, Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 46.

These financial statements were approved for issue by the Board of Directors on 19 March 2022.

b. Functional and presentation currency

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

c. Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at

the end of each reporting period, as explained in the accounting policies below.

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

d. Use of estimates and judgements

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

Judgements

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

- Note 3(a) - direct overheads attributable to property, plant, and equipment;
- Note 3(h) - leases: whether an arrangement contains a lease;
- Note 3(h) - lease classification.

Assumptions and estimation uncertainties

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

- Note 3(a) - useful lives of property, plant and equipment;
- Note 3(c) - determination of Effective Interest Rate ("EIR");
- Note 3(c) and Note 3(d) - impairment of financial and non-financial assets;
- Note 3(c) - estimation of expected credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument;
- Note 3(e) - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(f) - measurement of defined benefit obligations; key actuarial assumptions;

- Note 3(l) - estimations used for determination of tax expenses and tax balances;
- Note 3(l) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

e. Measurement of fair values

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

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

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

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

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

f. Current and non-current classification

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

Assets

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

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;

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

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

Liabilities

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

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

b) it is held primarily for the purpose of being traded;

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

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

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

3. Significant accounting policies

a. Property, plant, and equipment

i. Initial recognition and measurement

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

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

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

In case of the General Construction Circles ("GCCs") constructed assets, the entire cost of GCC (such as their staff expenses, administrative expenses, etc) gets allocated to the asset constructed in proportion to the total cost of assets constructed during the year. In the case of assets constructed by the operating circles, the Company identifies the actual direct overheads incurred to bring the assets to its intended use including labour and allocates the same to the cost of asset constructed.

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

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

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit and Loss as and when incurred.

iii. Depreciation

Depreciation is recognized in Statement of Profit and Loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Depreciation is calculated from the date of capitalization or procurement of the asset as determined by the Company's technical team. Assets costing individually INR 500 or less are depreciated fully in the year of purchase. In respect of leasehold improvements, depreciation is charged every year on such amount as is required to write off entire cost of leasehold improvements, on a straight-line method, for the estimated useful life of the asset; or over the period of the lease whichever is earlier.

The useful lives have been determined based on technical evaluation done by the management expert's thus, the management believes that its estimates of useful lives as given below best represent the period over which management expects to use these assets. The Company

depreciates assets up to 90% of the cost of the asset and 10% is retained as the residual value.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

S. No.	Asset category	Estimatedus eful life
1	Buildings - Buildings and other civil works	27 - 57
2	Hydraulic works	27 - 36
3	Plant and machinery	17
4	Communication equipment radio & HF carrier system	17 - 26
5	Transmission line, cables networks etc.,	17 - 41
6	Vehicles	9
7	Furniture & fixtures	14
8	Office equipment	14
9	IT equipment - computers & peripherals	6

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

iv. De-recognition

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

v. Capital work-in-progress

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

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the

manner intended by the management and the borrowing costs attributable to the acquisition or construction of qualifying asset.

In case of assets constructed by the GCCs, the entire cost of GCC (such as their staff expenses, administrative expenses, etc) gets allocated to the assets under construction in proportion to the total cost of assets under construction during the year. In the case of assets under construction by the operating circles, the Company identifies the actual direct overheads incurred to bring the assets to its intended use including labour and allocates the same to the cost of asset constructed.

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

b. Intangible Assets

i. Initial Recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are initially recognized at cost. Subsequently, such assets are measured at cost less accumulated amortization and any accumulated impairment losses. Cost includes any directly attributable expenses of preparing the asset for its intended use. Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalization under intangible assets are carried as intangibleassets under development till they are ready for their intended use.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure is recognized in profit or loss as incurred.

iii. Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is included in depreciation and amortization in Statement of Profit and Loss.

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Derecognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset as at the date of de-recognition and is recognized in the Statement of Profit and Loss.

c. Financial instruments

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

i. Financial assets

Initial recognition and measurement

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115, *Revenue from contracts with customers.*

Subsequent measurement

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

- Financial assets measured at amortised cost;

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

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

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

A financial asset is measured at amortised cost if both of the following conditions are met:

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

Amortised cost of a financial asset means the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method ("EIR").

Financial assets are subsequently measured at amortised cost using the EIRmethod. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if

doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Derecognition

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

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

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

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

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

Impairment of trade receivables and other financial assets

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

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit.

Subsequent measurement

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

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of

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

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

Derecognition

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

d. Impairment of non-financial assets

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

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

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

e. Provision, contingent liabilities, and contingent assets

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

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

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the

Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company runs contributory pension scheme in which the Company deducts 10 percent of the employees' salary and contribute an equal amount into a separate account.The contributions to such contributory pension scheme arerecognized as an expense and charged to the Statement of Profit and Loss.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards staff pension fund, gratuity, family security fund scheme, TNEB special provident fund cum gratuity scheme are in the nature of defined benefit plans.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net

defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Other long-term employee benefits

Benefits under the Company's earned and unearned leave encashment scheme constitute other long-term employee benefits. The Company's net obligation in respect of these long-term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The actuarial calculation is performed annually by a qualified actuary using the projected unit credit method. Any actuarial gains or losses are recognized in Statement of Profit and Loss account in the period in which they arise.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

v. Employee benefit schemes in the nature of liability

The Company has several employee benefits schemes such as general provident fund schemeand TNEB employees special provident fund cum gratuity scheme (2000), wherein it receives a fixed amount as contribution from the employees and accrues interest on the same. The corpus (principal and accumulated interest) is paid at the time of retirement or at the time of employee leaving the Company whichever is earlier. Under Ind AS 109, these are classified as financial liabilities.

g. Revenue

Company's revenue arises from transmission and scheduling and system operating charges collected at the tariff notified by Tamil Nadu Regulatory Commission ("TNERC") from time to time. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from other operational income and other income comprisesof estimate and reconnection charges, meter rent, testing and application fees, interest income on bank deposits and staff loan, sale of scrap and other miscellaneous income, etc.

The specific recognition criteria described below must also be met before revenue is recognised:

i. Transmission charges

The Company collects transmission charges from the customers for transmitting the power from the point of generation to the point of supply.Revenue from transmission of power is recognised over time for transmission of electricity based on the tariff notified by the TNERC from time to time. Input method is used to recognize revenue based on the Company's efforts or inputs to the satisfaction of a performance obligation to deliver power.

ii. Scheduling and system operating charges

The Company through State Load Dispatch Centre("SLDC") collects scheduling charges from customers for scheduling the transmission of powerand collects system operation charges from them.These scheduling charges are recognised as income on accrual basis.

Revenue from Short Term Open Access ("STOA") contracts are recognized as 'scheduling and system operating charges' in the financial statements as STOA contracts arises only when there is a transmission availability in the lines of LTOA / MTOA customers.

iii. Other operational income

- Reactive energy charges are collected by the Company when the generator of power does not inject the agreed quantity of power and are recognised as income on accrual basis.
- Reconnection charges collected from the customers for reconnecting the services which are disconnected or

discontinued for any reason are recognised on accrual basis once the services are provided.

- Meter rents are collected from customers monthly along with the invoice raised for power consumption and are recognised as income on accrual basis.
- Testing and application fees are collected from the customers for testing of the Company's equipment and are recognised on accrual basis once the services are provided.

iv. Other income

- Interest income is recognized, when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the EIR.
- Scrap other than steel scrap is accounted for as and when sold. Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.
- For debt instruments measured either at amortized cost or at fair value through OCI, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does notconsider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.
- The liquidated damages/ interest on advance to suppliers is recognized when no significant uncertainty as to measurability or collectability exists.

h. Leases

Effective 1 April 2019, the Company adopted Ind AS 116,*Leases* and applied to all lease contracts existing on 1April 2019 using the modified retrospective method on the date of initial application.Pursuant to adoption of Ind AS 116, the Company recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, except for short-term leases and leases of low-value assets. The lease liability is measured at the present value of remaining

lease payments discounted at incremental borrowing rate applicable at the date of initial application and the right-of-use asset has been recognized at an amount equal to lease liability.

As lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.The right-of-use asset is initially measured at cost, which comprises the initial amount of the leaseliability adjusted for any lease payments made at or before the commencement date, plus any initialdirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or torestore the underlying asset or the site on which it is located, less any lease incentives received.The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rateimplicit in the lease or, if that rate cannotbe readily determined, the Company'sincremental borrowing rate. Generally, theCompany uses its incremental borrowing rateas the discount rate. Subsequently, the leaseliability is measured at amortised cost usingthe effective interest method.

As lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a financelease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

i. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the grant will be received,

and the Company will comply with the conditions associated with the grant. The grants are recognised in profit or loss as other operating revenue on a systematic basis.Grants related to depreciable assets are recognised in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognised.Capital grants other than those related to depreciable assets are treated as deferredincome which is recognized in the Statement of Profit and Loss statement on a systematic and rational basis over theuseful life of the asset, i.e., such amounts are allocated to income over the periods.

j. Foreign currency transactions

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

The foreign exchange transactions undertaken by the Company includes loans and purchase of other materials. Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the year in which it arises.

k. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

l. Income-tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. **Current tax**

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

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

ii. **Deferred tax**

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

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

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

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

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

m. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company's Board of Directors are responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Company's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Company. The Company has identified the following two reportable segments - 'Transmission of power' and 'State Load Dispatch Centre (SLDC)' (Also refer to note 45).

n. Earnings per share

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

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

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

The effect of change in accounting estimate is recognised prospectively in the Statement of Profit and Loss except where they relate to assets and liabilities, the same is recognised by adjusting the carrying amount of related assets/liability/equity in the period of change. Changes in

accounting policy due to initial application of Ind AS are dealt with in accordance with specific transitional provisions, if any in the respective IndAS. In other cases, the changes in accounting policy are done retrospectively; the application of such change is limited to the earliest period practicable.

p. Events occurring after the balance sheet date

Assets and liabilities are adjusted for events that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors that provide additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period. Such events are disclosed or given effect to in the financial statements as provided for in Ind AS10,*Events after the reporting period.*

q. Recent accounting pronouncements

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