

TAMILNADU TRANSMISSION CORPORATION LIMITED

14th ANNUAL REPORT
2022-23

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

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TAMILNADU TRANSMISSION CORPORATION LIMITED
14th Annual Report for the period of 2022-23

CORPORATE DETAILS

BOARD OF DIRECTORS*		
Sl.No.	NAME OF THE DIRECTOR	DESIGNATION
1.	Thiru.Rajesh Lakhoni, I.A.S.	CHAIRMAN
2.	Thiru.N.Muruganandam, I.A.S.	Nominee Director Addl. Chief Secretary to Govt., Finance Department. GOTN.
3	Thiru.Ramesh Chand Meena, I.A.S	Nominee Director Addl. Chief Secretary to Govt. Energy Department GOTN.
4.	Tmt.Y.R.Lilly, I.A.S.	Nominee Director Special Secretary to Govt., Industries Department GOTN.
7.	a.Er. R.Ethiraj, B.E.	Managing Director,
	b.M.Ramachandran, B.E.,	- do -
	c.R.Manivannan, B.E.,	- do -
8.	a.Er R. Ethiraj, B.E.,	Director / Transmission Projects
	b.M.Ramachandran, B.E.,	- do -
	c. P.Baskar, B.E., M.Tech.,	- do -
9.	Tmy.M.Maheswari Bai, B.Com., ACMA.	Director / Finance
10.	Thiru.M.Sivalingarajan, B.E.,	Director (part-time)
11.	a.Er.U.B.Eleni, B.E.,	Director (part-time)
	b.Er.D.Rajendran, M.E.,	- do -
12.	a.Er.M.Senthilvel, B.E.,	Director / Operation.
	b.R.Selvasekar, M.E., M.BA., PGDCA	- do -
COMPANY SECRETARY Thiru D. Sureshkumar		STATUTORY AUDITORS M/s. Ponraj & Co. Chartered Accountants
REGISTERED OFFICE		
TANTRANSCO Building, No. 144, Anna Salai, Chennai – 600 002. Website : www.tantransco.gov.in (CIN No. U40109TN2009SGC071948)		

*As on 31.03.2023

DIRECTORS' REPORT

Dear Members,

The Board of Directors of Tamil Nadu Transmission Corporation Limited (TANTRANSCO) has immense pleasure in presenting its 14th Annual Report for the Financial Year 2022-23.

2.0 FORMATION OF TANTRANSCO

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

3.0 TRANSFER SCHEME

The Government of Tamil Nadu has approved the amendment to provisional transfer scheme (G.O. Ms. No. 100 dated 19.10.2010) transferring the assets and liabilities to the company and notified the same vide G.O. (Ms) No.2 (Energy (B2) Department), dated 02.01.2012. The Government of Tamil Nadu notified the Final transfer of assets and liabilities to the company vide G.O. (Ms) No.49 (Energy (B1) Department), dated 13.08.2015. The opening balances of assets and liabilities notified in the final transfer scheme have already been incorporated in the Annual Report for the FY 2015-16.

4.0 TRANSFER OF EMPLOYEES

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

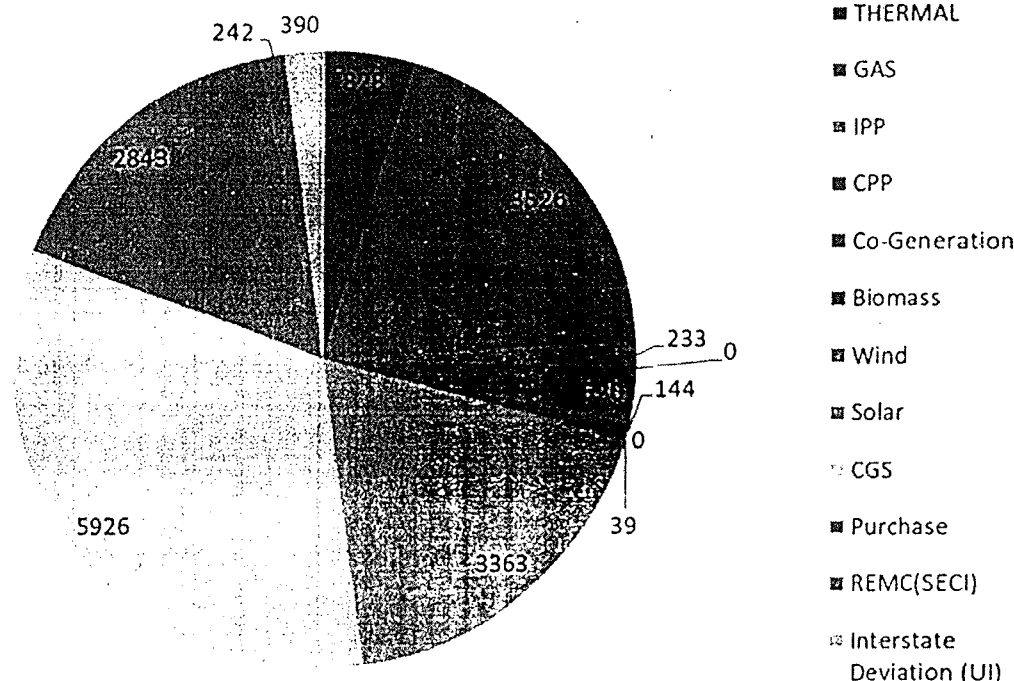
4.2 The information under Section 217 (2) of Companies Act, 1956 read with Company (Particulars of Employees) Rules, 1976 may be taken as nil.

5.0 FINANCIAL PERFORMANCE

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

6.0 State of Company's Affairs and Future Outlook

Max Demand 18053 MW on 16/03/23 during 2022-23 Category wise Generation in MW



6.1 Overview of Journey during the last six years till March 2023.

We have built and own 1076 number of substation as on 31st March 2023 in comparison to 797 Nos. of substation in 31st March 2012. Each new substation is being added not only to cater the demand but to give reliable & quality power on 24 x 7 basis along with stability of network as well as reducing the losses. With the addition of each new substation, one can understand the growth of transmission utility commensurate with additional generation capacity matching with demand.

Sl.No.	Voltage Class	Substations Commissioned during 2021-22(Nos.)	Substations as on 31.3.2022(Nos.)	EHV Network during 2021-22 (Ckm)	EHV Network as on 31.3.2022 (Ckm)
1	66 kV	-	3	-	83
2	110kV	10	941	198.031	20/25.302
3	230 kV	1	114	225.636	11495.314
4	400 kV	2	18	162.000	4752.606
	TOTAL	13	1076	585.667	37056.222

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 37056.222 Ckm as on 31st March 2023.

Transmission loss :

Transmission Loss		
Sl.No.	Year	Loss in %
1	11/10 – 3/11	4.56
2	2011-12	4.25
3	2012-13	4.15
4	2013-14	4.09
5	2014-15	4.09
6	2015-16	4.11
7	2016-17	4.08
8	2017-18	4.02
9	2018-19	3.97
10	2019-20	3.93
11	2020-21	3.90
12	2021-22	3.85
13	2022-23	3.82

6.2. Major initiatives by TANTRANSCO

- Among all State Transmission utilities in India, TANTRANSCO is the first utility to erect a 765 KV transmission network.
The high capacity transmission system facilitates minimum power loss to transfer of bulk power to the load centre 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.
- TANTRANSCO is taking action for commissioning of 2 Nos. of 765 kV Substations in the state of Tamil Nadu at North Chennai (GIS) and Ariyalur during 2023-24. The work in 765 kV Substation at Virudhunagar is in Progress and another 1 No. 765 kV Substation at Coimbatore is also proposed for establishing 765 kV connectivity from Virudhunagar to North Chennai Pooling Station and is for system strengthening and reliability.
- Karuppur 230 kV SS in Salem District commissioned on 16.10.2023 as Digital Substation by adopting digital technology in the communication network between C&R Panels and yard equipments. Similarly, Selvapuram 230/110 kV substation in Coimbatore district, and Thiruvanniyur in Chennai are under construction as Digital Substation which will be commissioned during 2023-24. By this arrangement, the time taken for rectification fault is reduced and supply can be restored early.

- The natural disasters such as flood and cyclone cause extensive damages to transmission networks resulting in wide spread disruption of many important transmission links and substations affecting power supply for long periods due to the time taken in restoration. In order to reduce the time taken in restoration Transmission network, 2 sets of ERS suitable up to 765 kV for immediate and Temporary restoration of Transmission network at a cost of Rs.32 Crore has been procured.

6.3 Challenges before Transmission Licence:

- i. Apart from establishment of new EHT Substations, lines and repairing & reconditioning of Sick 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 EHT lines and Cable laying works has been delayed due to the following:
 - a. Objection by Land owners for erecting towers and consequent court cases
 - b. Objection by farmers association for erecting the EHT lines in the agricultural land
 - c. Obtaining approvals from other departments like Railways, Forest, NHAI etc.,
 - d. Obtaining permission from other departments like Corporation, PWD, NHAI, Police etc., for cable laying works.
 - e. Obtaining necessary details from district administration for payment of crop compensation.
- iii. Efforts are being taken up for resolving Right of Way (RoW) issues and EHT lines commissioning by TANTRANSCO:

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.

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."

Now, Land compensation is being paid to the affected Land Owners based on the Amendment G.O No.86, dt.30.10.2019 issued by the Govt., of Tamil Nadu in which the land compensation for tower base area enhanced to 100%, stringing corridor area (RoW) enhanced to 20% and Rs.50000/- is fixed as minimum payable amount for tower base area for first 3 cents.

6.4 State Grid Operations

State Load Dispatch Centre (SLDC)

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

Functions of State Load Dispatch Centre are as under:

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

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

6.5 Highlights for the FY 2022-23 are as under:

- i. Maximum State Demand catered was 18,053 MW reached on 16.03.23
- ii. System frequency

Frequency Profile for 2022-23:

Percentage of time when frequency was between

- i) < 49.9 Hz 11.15 %
- ii) 49.90 Hz to 50.05 Hz 69.70 %
- iii) > 50.05 Hz 19.14 %
- iv) Average frequency for the year 49.99 Hz.

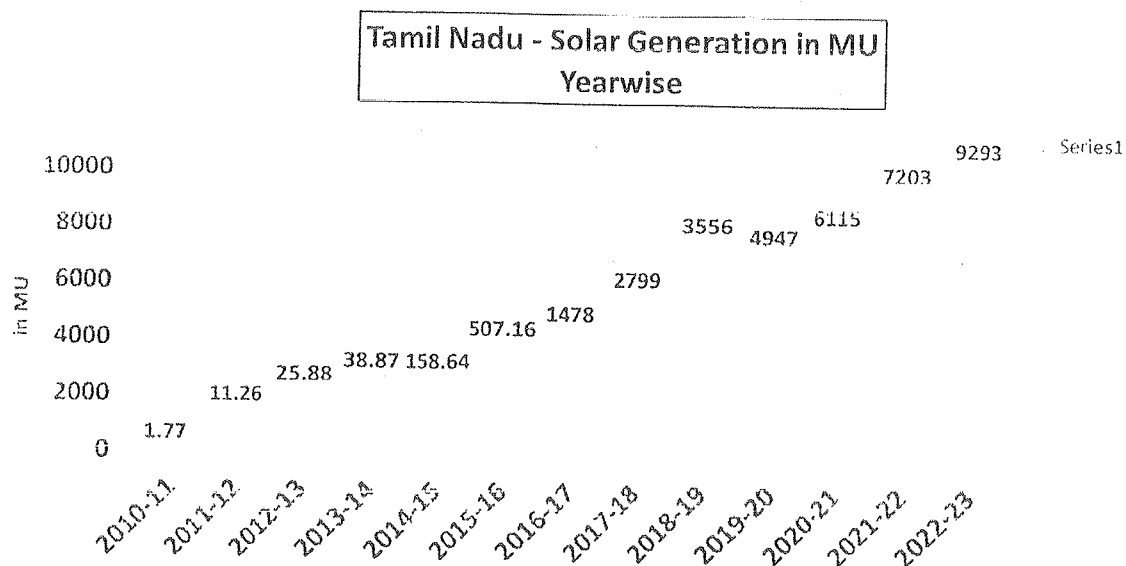
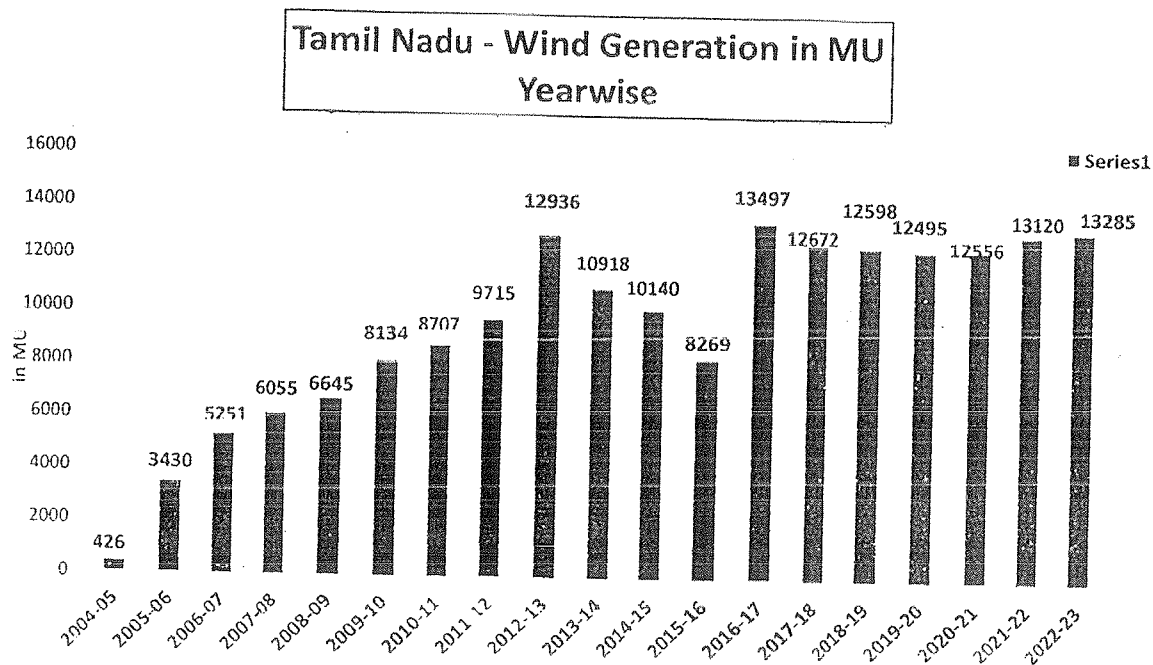
iii. Energy demand catered: (Maximum during 2022-23)

Details	Achieved	Date
Consumption	388.078 MU	29.04.2022
Demand	18,053 MW	16.03.2023
Wind Energy	120.251 MU	09.07.2022
Wind Generation	5575 MW	04.08.2022
Solar Energy	36 MU	25.02.2023
Solar Generation	4866 MW	26.02.2023
Chennai Consumption	82.974 MU	02.06.2022
Chennai Demand	3763 MW	14.06.2022

6.6 Generation capacity as on 31.03.2023

Generator	Installed capacity in MW
TN Hydro	2322
TN Thermal	4320
TN Gas	516
TN IPP	1105
CGS Thermal	5446
CGS Nuclear	1696
Purchase	3082
CPP	509
Wind	8739
Solar	6135
Co-gen	524
Biomass	165
Total	34,559

6.7 Renewable Energy Generation:-



6.8 Demand Forecasting:

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

- TANGEDCO has to provide the Demand for Region wise after deducting the respective losses in block wise.

6.9 Open Access & Grid connectivity related Activities for the year 2022-23

STOA granted during 2022-23			
A	Intra/Inter State STOA (Excluding Power Exchange)	MW	Applications
	STOA Intra (Captive + Third party)	1492	726
	STOA Inter(Bilateral Purchase)	NIL	NIL
	STOA Intra (Collective Sale)	5723	263
	STOA Intra (Bilateral Sale)	191	16
B	Inter State STOA through Power Exchange		
	IEX (Purchase)	2265	4917
	PXIL(Purchase)	NIL	NIL
C	Energy Transaction through STOA Year 2021-22		
	Sale	3088	--
	Purchase	2148	--
D	Open Access		
1	Long Term Open Access	--	--
2	MTOA	174	83

7.0 HRD Initiatives:-

Human Resource Development wing is imparting training to various levels of Engineers / Officers (Class-I & II) through the 4 Training Institutes namely;

- Staff Training College/Chennai.
- Transmission & Distribution Training and Development Institute & Research Centre/ Madurai.
- Thermal Training Institute & Research Centre/North Chennai
- Hydro Training Institute & Research Centre/Kuthiraikalmedu.

The training is also imparted to all Staff (Class III & IV) through the 10 Technical Training & Development Centres located at different parts of the state. Also, a Cable Jointing Training & Development Centre, Chennai is providing hands on practical training on Cable Jointing & End termination to the Engineers/Staff.

7.1 The details of training provided to the employees of TANTRANSCO Engineers / Non – Technical staff during the Year 2022-23 and the cost are furnished below.

Total Number Of Training Programmes	Total Number of Employees attended	Total Training Cost in Rs.
332	1825	2108680

8. Directors and Key Managerial Personnel as at 31.03.2023

8.1 Directors:

Sl. No	NAME	Designation	Date of appointment	Date of Cessation
1.	Thiru.Rajesh Lakhoni, I.A.S.	CHAIRMAN	17.05.21	Till date
2.	Thiru.N.Muruganandam, I.A.S.	Nominee Director Addl. Chief Secretary to Govt., Finance Department. GOTN.	06-11-21	Till date
3	Thiru.Ramesh Chand Meena, I.A.S	Nominee Director Addl. Chief Secretary to Govt. Energy Department GOTN.	06-11-21	Till date
4.	Tmt.Y.R.Lilly, I.A.S.	Nominee Director Special Secretary to Govt., Industries Department GOTN.	12-07-21	02-12-22
7.	a.Er. R.Ethiraj, B.E.	Managing Director,	07-06-22	28-09-22
	b.M.Ramachandran, B.E.,	- do -	28-09-22	09-11-22
	c.R.Manivannan, B.E.,	- do -	09-11-22	
8.	a.Er R. Ethiraj, B.E.,	Director / Transmission Projects	07-06-22	28-09-22
	b.M.Ramachandran, B.E.,	- do -	28-09-22	09-11-22
	c. P.Baskar, B.E., M.Tech.,	- do -	09-11-22	Till date
9.	Tmy.M.Maheswari Bai, B.Com., ACMA.	Director / Finance	29-02-16	Till date
10.	Thiru.M.Sivalingarajan, B.E.,	Director (part-time)	09-08-21	Till date
11.	a.Er.U.B.Eleni, B.E.,	Director (part-time)	09-08-21	09-11-22
	b.Er.D.Rajendran, M.E.,	- do -	09-11-22	Till date
12.	a.Er.M.Senthilvel, B.E.,	Director / Operation.	09-08-21	09-11-22
	b.R.Selvasekar, M.E., M.BA., PGDCA	- do -	09-11-22	Till date

8.2. Key Managerial Personnel

During the Financial year 2022-23, the following are the key Managerial Personnel of the company as per the provisions of the Companies Act 2013

Sl. No	NAME	Designation	DD-MM-YYYY	Date of Cessation
	A)			
1	b) Thiru.Rajesh Lakhoni, I.A.S	Chairman, &Additional Chief Secretary to Government, GOTN	(Assumed charge)	
2	Thiru. R.Manivannan, B.E.	Managing Director,	09-11-22	Till date

Sl. No	NAME	Designation	DD-MM-YYYY	Date of Cessation
3	Tmt.M.Maheswari Bai, B.Com., ACMA.	Director / Finance	29-02-16	Till date
4	Thiru.R.Selvasekar	Director / Operation.	09-11-22	Till date
5	Thiru.M.Sivalingarajan, B.E.,	Director/ Distribution	09-08-21	Till date
6	Er.D.Rajendran, M.E.,	Director/Generation	09-11-22	Till date
7	Tmt.V.Savitha	Chief Financial Controller/TANTRANSCO	27.05.21	11.05.22
		Chief Financial Controller/IND AS	12.05.22	Till date
8	Tmt.V.Rajeshwari, B.com., ACMA.,	Chief Financial Controller/TANTRANSCO	13.05.22	Till date
9	Thiru.K.Sundaravadhanam	Company Secretary	26-08-21	Till date

8.3 Meetings

(i) Board Meetings

During the financial year 2022-23, Four Board (4) Meetings were held on the following dates:

S No.	Number of Board Meeting	Date of Board Meeting
1	106 th Board Meeting	07-06-2022
2	107 th Board Meeting	28-09-2022
3	108 th Board Meeting	19-11-2022
4	109 th Board Meeting	08-02-2023

(ii) Attendance of the Board Meeting - Directors attended during the F.Y. 2022-23

Sl. No	Name of Directors	Designation	No of Board Meeting	
			Held in their tenure	Attended
1	Thiru.Rajesh Lakhoni, I.A.S.	CHAIRMAN	4	4
2	Thiru.N.Muruganandam, I.A.S.	Nominee Director Addl. Chief Secretary to Govt., Finance Department. GOTN.	4	4
3	Thiru.Ramesh Chand Meena, I.A.S	Nominee Director Addl. Chief Secretary to Govt. Energy Department GOTN.	4	4
4	Tmt.R.Lilly, I.A.S.	Nominee Director Special Secretary to Govt., Industries Department GOTN.	4	1
6	a.Er. R.Ethiraj, B.E.	Managing Director,	1	1

Sl.	Name of Directors	Designation	No of Board Meeting	
	b.M.Ramachandran, B.E.,	-do-	1	1
	c.R.Manivannan, B.E.,	-do-	2	2
7	a. Er.R.Ethiraj B.E.,	Director / Transmission Projects	1	1
	b.M.Ramachandran, B.E.,	-do-	1	1
	c. P.Baskar, B.E., M.Tech.,	-do-	2	2
8	Tmy.M.Maheswari Bai, B.Com., ACMA.	Director / Finance	4	3
9	Thiru.M.Sivalingarajan	Director (part-time)	4	4
10	a. Er.U.B.Eleni, B.E.,	Director (part-time)	1	1
	b. Er.D.Rajendran, M.E.,	- do -	3	3
11	a. Er.M.Senthilvel	Director / Operation.	2	2
	b.R.Selvasekar, M.E., M.BA., PGDCA	- do -	2	2

(iii) Annual General Meeting of 2022-23.

	Name of the Directors Attended	
12 th Annual General Meeting held on 28-09-2022	Thiru.Rajesh Lakhoni, I.A.S., Thiru. N.Muruganandam, I.A.S., Er. M.Ramachandran, B.E., M.C.A Tmt. M. Maheswari Bai Thiru. M.Senthilvel, B.E. Thiru.D.Rajendran, M.E., M/s. TNEB Ltd	Present

9.3 Committees of the Board of Directors

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

I. Audit committee

The Audit committee was reconstituted pursuant to provision of Section 177 of the companies Act 2013. The composition of Audit committee as on the 31.3.2023 is as under.

Sl No	Name of the Directors.	Title
1	Thiru.Rajesh Lakhoni I.A.S.,	Chairman
2	Thiru.N.Muruganandam	Member
3	Thiru.Ramesh Chand Meena, I.A.S.	Member
4	Thiru.R.Lilly, I.A.S.,	Member

Audit Committee Meeting

During the financial year 2021-22, Four (4) Audit Committee Meetings were held on the following dates:

Sl. No.	Number of ACM	Date of ACM
1	39 th ACM	28-09-2022

Note: Due to Covid 19 Pandemic, M/s.TANTRANSCO was unable to conduct another audit committee meeting in the month of March 2023

Attendance of the Audit Committee Meeting -Members attended during the F.Y. 2021-22

SI No	Name of the Committee Members.		No. of AM held	
			Held in his tenure	Attended
1	Thiru Rajesh Lakhoni I.A.S.,	Chairman	1	1
2	Thiru.N.Muruganandam, I.A.S.	Member	1	1
3	Thiru.Ramesh Chand Meena, I.A.S.	Member	1	1
4	Tmty.R.Lilly, I.A.S.	Member	1	1

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 the 31.3.2022 is as under.

SI No	Name of the Directors.	Title
1	Er.R.Manivannan, B.E.,	Chairman
2	Er.D.Rajendran, M.E.,	Member
3	Tmty M Maheswari Bai, B.Com., ACMA	Member

Attendance of CSR Committee Meeting -Members attended during the F.Y. 2022-23

SI No	Name of the Committee Members.	Designation	No. of AM held	
			Held in his tenure	Attended
1	Er. R.Manivannan, B.E.,	Chairman	*	
2	Er. D.Rajendran, M.E.,	Member	*	
3	Tmty M Maheswari Bao	Member	*	

* No Meeting convened during the Year 2022-2023.

10. STATUTORY AUDITORS:

The C & AG of India have appointed M/s. Ponraj & Co., Chartered Accountants., Chennai as Statutory Auditors for auditing the Accounts of TANTRANSCO for the Financial Year 2022-23 as per this appointment letter no: No./CA.V/ COY/TAMIL NADU,TNTCL-(I)/166 dated: 26/08/2022.

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 2022-23 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. Ramachandran & Associates practicing Company Secretaries as Secretarial Auditor of Tamil Nadu Transmission Corporation Ltd. to conduct the Secretarial Audit for the financial year 2021-22 in compliance with the provisions of Section 204(1) of the Companies Act, 2013.

13. CONSERVATION OF ENERGY: TECHNOLOGY ABSORPTION:

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.

14. Tariff Revision:

With respect to TANTRANSCO, the TANTRANSCO related charges were collected as per Tariff order in T.P.No.2 of 2017 dated 11.08.2017 (effective from 11.08.2017) till the date of tariff revision. During the FY 2022-23 the Hon'ble TNERC has revised the tariff vide Order No.08 of 2022 in T.P.No.2 of 2022 dated 09.09.2022 (10.09.2022). Hence, from 10.09.2022 onwards the revised rates were followed.

The SLDC charges were collected as per Tariff Order in T.P.No.3 of 2017 dated 11.08.2017 (effective from 11.08.2017) till the date of tariff revision. During the FY 2022-23 the Hon'ble TNERC has revised the tariff vide Order No.09 of 2022 in T.P.No.1 of 2020 dated 09.09.2022 (effective from 10.09.2022). Hence, from 10.09.2022 onwards the revised rates were followed.

The existing rates and revised rates were as follows:-

Charges related to TANTRANSCO as per Tariff Order	Existing Rates as per Order dt.11.08.2017	Revised Rates as per Order dt.09.09.2022, effective from 10.09.2022
1. Transmission Charges	Rs.3,037.30/MW/Day	Rs.5159.26/MW/Day

2.Reactive Energy Charges	The charge for VARh shall be at the rate of 10 paise/KVARh w.e.f.01.04.2010 , and this will be applicable between the Regional Entity, except Generating Stations, and the regional pool account for VAR interchanges. This rate shall be escalated at 0.5 paise/KVARh per year thereafter , unless otherwise revised by the commission.	The charge for VARh shall be at the rate of 10 paise/KVARh w.e.f.01.04.2010 , and this will be applicable between the Regional Entity, except Generating Stations, and the regional pool account for VAR interchanges. This rate shall be escalated at 0.5 paise/KVARh per year thereafter , unless otherwise revised by the commission.
3.Scheduling Charges	Rs.160 per day	Rs.161 per day per transaction
4. System Operation Charges	Rs.33.74 per MW per day for LTOA & MTOA Rs.1.41 per MW per Hour for STOA	Rs.69.84 per MW per day for LTOA & MTOA Rs.2.91 per MW per Hour for STOA

15. 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.
- II. The implementation of ERP through SAP commenced in a phased manner during the FY 2021-22, moving away from the manual records to the extent possible. 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.

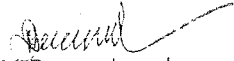
ACKNOWLEDGEMENTS

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 TANTRANSOCO, 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: 13.03.2024

SD/-
RAJESH LAKHONI
Chairman


K.Sundaravadhanam
Director Finance
DIN : 1033030377


M.Ramachandran
Managing Director
DIN : 09744744



कार्यालय प्रधान महालेखाकार (लेखापरीक्षा-II)

तमिलनाडु एवं पुदुचेरी

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II)

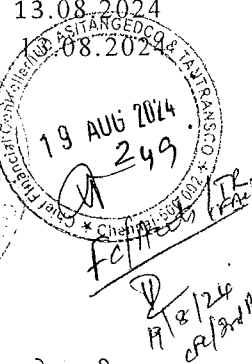
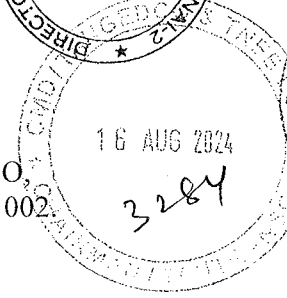
TAMILNADU & PUDUCHERRY

स. प्रमले. (लेखापरीक्षा II)/ शा. का टी एन ई बी /डेटा बैंक /2024-25/13
No. PAG (Audit II)/BO TNEB/DATA BANK/2024-25/13

सेवा में/To

अध्यक्ष,
टैट्रान्सको,
चेन्नई - 600 002

Chairman,
TANTRANSCO,
Chennai - 600 002.



महोदय Sir/ महोदया Madam,

विषय: 31 मार्च, 2023 को समाप्त वर्ष के लिए टैट्रान्सको, चेन्नई के खातों पर कंपनी अधिनियम, 2013 के अधीन धारा 143(6)(बी) के निव म.लेप. की टिप्पणी।

Sub: Comments of the C&AG of India u/s 143(6)(b) of the Companies Act, 2013 on the accounts of TANTRANSCO, Chennai for the year ended 31 March, 2023.

31 मार्च, 2023 को समाप्त वर्ष के लिए टैट्रान्सको, चेन्नई के खातों पर कंपनी अधिनियम, 2013 की धारा 143(6)(बी) के अधीन भारत के नियंत्रक एवं महालेखापरीक्षक के टिप्पणियाँ प्रमाण-पत्र मैं इस के साथ अग्रेषित कर रहा हूँ।

I am to forward herewith the COMMENTS CERTIFICATE of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act, 2013 on the accounts of TANTRANSCO, Chennai for the year ended 31 March 2023.

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

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

संलग्न: यथोपरि
Encl: As above

भवदीय/ Yours sincerely,

[Signature]
प महालेखाकार
Deputy Accountant General

"लेखापरीक्षा भवन" 361, अण्णा सालै, चेन्नई-600 018 "Lekha Pariksha Bhavan", 361, Anna Salai, Chennai - 600 018

दु.भा/Phone : 044 - 24316560 to 6566 ; फैक्स/Fax : 044 - 2431 1659

ई-मेल/E-mail : agautamilnadu2@cag.gov.in

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को.प. आनंद
K. P. ANAND



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

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF THE TAMIL NADU TRANSMISSION
CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2023**

The preparation of financial statements of the Tamil Nadu Transmission Corporation Limited (TANTRANSCO), Chennai for the year ended 31st March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 21.06.2024 which supersedes their earlier Audit Report dated 13.03.2024. The Statutory Auditors have given Adverse Opinion.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of TANTRANSCO for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during supplementary audit.

In addition, 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:

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Balance Sheet

Assets

Non – Current Assets

Capital Work-in-Progress – Note 4(a)- ₹20342.16 crore

1. According to Paragraph 7 of the Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment, the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. The instances of non-recognition of the following assets as Property Plant and Equipment, despite their commissioning for deriving economic benefits and availability of their cost, are given below:

(a) The above amount includes ₹251.40 crore being the value of various category of assets relating to substations and transmission lines in General Construction Circle, Madurai (₹145.79 crore), General Construction Circle, Trichy (₹39.60 crore) and General Construction Circle, Chennai (₹66.01 crore), which were commissioned in the year 2021-22 itself. This has resulted in overstatement of above head by ₹251.40 crore and understatement of Property, Plant and Equipment by ₹234.25 crore and Accumulated Depreciation by ₹17.15 crore. Consequently, depreciation as well as the loss for the year are understated by ₹13.27 crore.

(b) The above amount includes ₹66.53 crore due to non-capitalisation of the value of substations, transmission lines, PTs commissioned during the year 2022-23. This has resulted in overstatement of above head by ₹66.53 crore, understatement of Property, Plant and Equipment by ₹65.31 crore and depreciation by ₹1.22 crore. This has also resulted in understatement loss for the year by ₹1.22 crore

2. The above head includes capital spares amounting to ₹340.96 crore. As per paragraph 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16, when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. As per paragraph 43 of the aforesaid Ind AS, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Though the Company classified ₹340.96 crore as capital spares as Ind AS 16, it did not charge depreciation on the same. In the absence of details, depreciation could not be worked out.

Б/В/К/Р/О/Е

3. Notes under the above head does not include the fact that the Property, Plant and Equipment does not include ₹63.71 crore being the net asset value of plant and equipment of 110 KV Substations, which held as assets by TANGEDCO. Even though these assets are maintained by TANGEDCO, the repairs and maintenance expenses are accounted in the books of TANTRANSCO.

Statement of Profit and Loss for the year ended 31 March 2023

Employee benefits expense- Note 26 - ₹1436.36 crore

4. This includes a sum of ₹7.68 crore, being the salary provision of previous years omitted to be reversed, resulting in overstatement of Employee Benefit Expense and Loss for the year by ₹7.68 crore. This has also resulted in overstatement of Provisions for Employee Benefit Payable by ₹7.68 crore. Consequently, loss for the year is overstated by ₹7.68 crore.

Other Expenses – Note 29 – ₹ 439.84 crore

5. The above amount includes by ₹67.62 crore, being the expenses incurred for project upgradation. The expenditure on upgradation of project is being charged directly to the Profit & Loss Account instead of transferring the same to the capital work-in-progress or fixed assets. Consequently, Other Expenses and Loss for the year was overstated by ₹67.62 crore

6. The above amount does not include ₹2.22 crore, being the portion of expenditure relating to TANTRANSCO for the Annual Technical Support fee payable to M/s.SAP Technologies and Implementing Agency- M/s. Yash Technologies for the period from 1st January 2022 to 31st March 2023. The above amount was omitted to be reckoned as expenditure in the accounts, resulting in understatement of Other Expenses and Loss for the year by ₹2.22 crore. This has also resulted in understatement of Other Financial Liabilities by ₹2.22 crore.

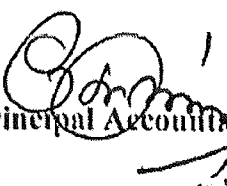
7. Net Impact of Comments

The net impact of the above comments is that the losses are overstated by ₹ 58.59 crore. If this is taken into account, the reported loss (before tax) for the year of ₹527.77 crore would decrease to ₹ 469.18 crore.

For and on behalf of the C&AG of India

Place: Chennai

Date: 13.08.2024


Principal Accountant General

Б-14424-03
ПАСПОРТ

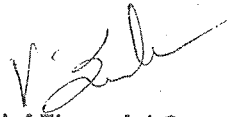
**REPLY BY MANAGEMENT TO THE FINAL COMMENTS ON THE
ACCOUNTS OF TAMIL NADU TRANSMISSION CORPORATION LIMITED
(TANTRANSCO) FOR THE YEAR ENDED 31ST MARCH 2023**

Comment	Reply by management
BALANCE SHEET Assets Non-Current Assets Capital Work-in-Progress – Note 4(a)- ₹20342.16 crore.	
1. According to Paragraph 7 of the Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment, the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:(a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. The instances of non-recognition of the following assets as Property Plant and Equipment, despite their commissioning for deriving economic benefits and availability of their cost, are given below: a. The above amount includes ₹251.40 crore being the value of various category of assets relating to substations and transmission lines in General Construction Circle, Madurai (₹145.79 crore), General Construction Circle, Trichy (₹39.60 crore) and General Construction Circle, Chennai (₹66.01 crore), which were commissioned in the year 2021-22 itself. This resulted overstatement of above head by ₹251.40 crore and understatement of Property, Plant and Equipment by ₹234.25 crore and Accumulated Depreciation by ₹17.15	Even though the assets are commissioned in FY 2021-22, there are other few pending work pertaining to the assets which is expected to be closed upon which the project will be capitalised in complete shape.

crore. Consequently, depreciation as well as the loss for the year are understated by ₹13.27 crore. b. The above amount includes by ₹66.53 crore due to non-capitalisation of the value of sub-stations, transmission lines, PTs commissioned during the year 2022-23. This has resulted in overstatement of above head by ₹66.53 crore, understatement of Property, Plant and Equipment by ₹65.31 crore and depreciation by ₹1.22 crore. This has also resulted in understatement loss for the year by ₹1.22 crore.	
2. The above head includes capital spares amounting to ₹340.96 crore. As per paragraph 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16, when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. As per paragraph 43 of the aforesaid Ind AS, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Though the Company classified ₹340.96 crore as capital spares as Ind AS 16, it did not charge depreciation on the same. In the absence of details, depreciation could not be worked out.	It is submitted that, as per para (55) of IND AS 16, “depreciation of an asset begins when it is available for use, (ie) when it is in the location and condition necessary for it to be capable of operating in the manner intended. Capital spares are used in construction or maintenance of Property Plant and Equipment. Those capital spares are depreciated when they are put into intended use based on its useful life.
3. Notes under the above head does not include the fact that the Property, Plant and Equipment does not include ₹63.71 crore being the net asset value of plant and equipment of 110 KV Substations, which held as assets by TANGEDCO. Even though these assets are maintained by TANGEDCO, the	At present 8MVA power transformer are utilised only in 33 KV SS. Power transformer with capacity of 16 MVA, 25 MVA 110 KV class Power transformers are only being utilised in TANTRANSCO. The reckoning of the Assets belonging to TANTRANSCO and

TANGEDCO, the repairs and maintenance expenses are accounted in the books of TANTRANSCO.	TANGEDCO with respect to the combined substations, such as 110/33KV, 110/33/11 KV and 110/22KV substations is not carried out but maintained by TANGEDCO. The repair and maintenance expenditures of such substations are booked in TANTRANSCO books, though practically maintained by TANGEDCO. On finalising the policy decision of the management, some of the assets in 110KV substations with rating of 110/33KV, 110/33/11 KV and 110/22KV power transformers will be maintained along with its accumulated depreciation to the related company. The policy decision is yet to be taken on these categories of assets.
Statement of Profit and Loss for the year ended 31 March 2023	
Employee benefits expense- Note 26 - ₹1436.36 crore. 4. This includes a sum of ₹7.68 crore, being the salary provision of previous years omitted to be reversed, resulting in overstatement of Employee Benefit Expense and Loss for the year by ₹7.68 crore. This has also resulted in overstatement of Provisions for Employee Benefit Payable by ₹7.68 crore. Consequently, loss for the year is overstated by ₹7.68 crore.	This will be brought into accounts in FY 2024-25.
Other Expenses – Note 29 – ₹ 439.84 crore. 5. The above amount includes by ₹67.62 crore, being the expenses incurred for project upgradation. The expenditure on upgradation of project is being charged directly to the Profit & Loss Account instead of transferring the same to the capital work in-progress or fixed assets. Consequently, Other Expenses were overstated and loss for the year is overstated by ₹67.62 crore.	TANTRANSCO has implemented SAP-ERP in FY 2021-22 in a phased manner. The Revenue/Capital nature of the balance will be analysed. The remarks of the AG Audit is noted and will be promptly adhered in future.

6.The above amount does not include ₹2.22 crore, being the portion of expenditure relating to TANTRANSCO for the Annual Technical Support fee payable to M/s.SAP Technologies and Implementing Agency- M/s.Yash Technologies for the period from 1st January 2022 to 31st March 2023. The above amount was omitted to be reckoned as expenditure in the accounts, resulting in understatement of Other Expenses and Loss for the year by ₹2.22 crore. This has also resulted in understatement of Other Financial Liabilities by ₹2.22 crore.	The TANTRANSCO portion of expenditure will be brought into Accounts in FY 2023-24.
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 Chief Financial Controller / IND AS
 TANGEDCO LTD & TANTRANSCO LTD
 144, Anna Salai, Chennai-600 002.

Independent Auditor's Report

To
The Members of
TAMILNADU TRANSMISSION CORPORATION LIMITED

Report on the Audit of Financial Statements

Adverse Opinion

1. We have Audited the accompanying standalone Financial Statements of **TamilNadu Transmission Corporation Limited** ('the Company'), which comprise of the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant Accounting Policies and other explanatory information.
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 Adverse 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 do not give a True and Fair view, in conformity with the Accounting Principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2023, and its Loss and its cash flows for the year ended on that date.

Basis for Adverse Opinion

3. Attention is drawn to note 4(a) of the Financial Statements, wherein the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2023.
4. Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its Book Balance with its fellow subsidiary company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 9.47 crores payable is pending for further reconciliation. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and a difference of Rs.231.82 Crores receivable. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
5. Attention is drawn to note 11 of the Financial Statements under Other Current Assets which includes unreconciled Inter Unit Balance of Rs.392.40 crores. We are unable to ascertain any possible impact on revenue and if so, to that extent it may affect / impact the statement of profit or loss.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

6. Attention is drawn to notes to the Financial Statements mentioned hereunder, wherein complete disclosures as required by the respective Ind AS has not been complied by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance with respective Ind AS.

<i>Note reference</i>	<i>Ind AS reference</i>
40	Ind AS 24 – Related Party Disclosures
46	Ind AS 108 – Operating Segments
14A	Ind AS 107 – Financial Instruments: Disclosures
18	Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance
24 & 42A	Ind AS 115 – Revenue from Contracts with Customers
27	Ind AS 23 – Borrowing Costs

7. Turnover for the FY 2022-23 is Rs.4476.99 crores, but as per GSTR-3B return it is Rs.3448.42 crores. Turnover of Rs.1028.57 crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable portion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2023 and the corresponding impact on Statutory liabilities as at 31st March 2023
8. (a) Attention is drawn to note 7 of the Financial Statements, wherein party-wise break-up and confirmation of balances of trade receivables are not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials.
- (b) Attention is drawn to note 20 of the Financial Statements, wherein Ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
9. Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
10. Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
11. There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.

Branches at: Chennai, Tiruchy, Gudiyatham, Sivakasi and Tiruppur

12. Attention is drawn to Note 4(b) and 28 of the Financial Statements where the ERP Software capitalized during the year were not amortized for the period of usage during the year. To this extent the value of intangible assets is overstated and value of depreciation & amortization expense for the year is understated.
13. In Note 47A of the Financial Statements, the Company has stated that the title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details relating to title deeds of property. We are unable to comment on the entity-wise ownership details along with extent of such lands due to non-furnishing of relevant information by TANTRANSCO.
14. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Adverse opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

15. 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

16. 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

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

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.

17. 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.
18. 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

19. 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.
20. 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;

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

- 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.
 - Materiality is the magnitude of misstatement in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider Quantitative materiality and qualitative factors in (i) planning the scope of our Audit Work and in evaluating the Results of our work; and (ii) to evaluate the effect of any identified misstatement in the Financial Statements.
21. 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.
22. 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**
23. As required by the Companies (Auditor's Report) Order, 2020 ("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.
24. 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 matters described in the Basis for Adverse 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;

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

- b) except for the effects/possible effects of the matters described in the Basis for Adverse 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) except for the effects of the matters described in the Basis for Adverse 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)
- d) the Financial Statements dealt with by this Report are in agreement with the Books of Account;
- e) the matters described in paragraph 3-15 under the Basis for Adverse Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- f) 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 163 (E) dated 5th June 2015 of the Department of Company Affairs, Government of India.
- g) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- h) The qualification relating to the maintenance of Accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section;
- i) We have also audited the Internal Financial Controls with reference to Financial statements of the Company as on 31 March 2023 in conjunction with our Audit of the Financial Statements of the Company for the year ended on that date and our Report as per Annexure B expressed modified opinion; and
- j) 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 3-15 of the Basis for Adverse Opinion section and the below mentioned Legal case, the Financial statements disclose the impact of pending litigations on the financial position of the Company as at 31 March 2023. As Informed by the management the following is the legal case

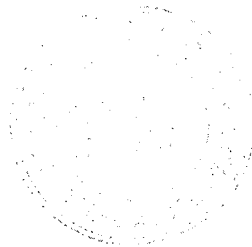
Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

- a) DFR No – 386/2021
- 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 2023.
- iv. (a) The management has represented that, to the Best of its knowledge and belief, as disclosed in the note 50 to the Financial Statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The management has represented, that, to the Best of it's knowledge and belief, as disclosed in the note 50 to the Financial Statement, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on Audit Procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under clause (iv) (a) and (iv) (b) contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.

For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S

h. viz

G. Vivekananthan
Partner,
M.No: 021677
Place: Chennai
Date: 13-03-2024



UDIN: 24021677BKAMRM8825

Annexure "A" To Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my report of even date)

(i) a)

(A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Intangible Assets.

- b) According to Information and explanations given to us, the management has physically verified these Property, Plant and Equipment at reasonable intervals, the relevant reports not produced for verification. We are unable to comment on this.
- c) The Title Deeds of the Immovable Properties disclosed by the Management of company in the Financial Statements in Note 4(a) are not held in the name of the company, In absence of sufficient appropriate evidence we are unable to comment on the clause 3(i)(c) of the order.
- d) The company has not revalued its Property, Plant and Equipment during the year as disclosed by the management in note 47A of Financial Statements.
- e) As Informed by the management, there are no proceedings initiated or pending against the company for holding any Benami Property during the current year.

(ii)

- a) There are no Trade Inventories for the company, hence Physical verification of Inventory does not arise.
- b) The company has been sanctioned working Capital limits in excess of RS.5 crores in aggregate by Banks as on 31-03-2023 on the basis of security of current assets of the company and the Quarterly Returns or statements filed by the company with such banks are in agreement with Books of Accounts.

(iii) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company during the year has not made investments in, provided any Guarantee or Security or Granted any Loans or Advances in nature of Loans, Secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(iv) According to the Information and Explanation given to us and on the basis of our examination of the records of the company, as disclosed above, there have been no loans, investments and guarantees given by company and hence the provisions of section 185 and 186 of Companies Act, 2013 are not applicable.

(v) According to the Information and Explanation given to us and on the basis of our

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

examination of the records of the company, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order is not applicable.

- (vi) According to the information and Explanation given to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Sub Section (1) of section 148 of the Companies Act, 2013 have been made and maintained. However, we are not required to carry out any detailed examination of such records.
- (vii) (a) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and service Tax, Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Taxes, Duty of customs, duty of Excise, value added tax, Cess and any other statutory dues with the appropriate authorities. Further, there are no outstanding statutory dues existing as on the last day of Financial year which is outstanding for more than 6 months from the day these becomes payable. Except for those mentioned in para 10 of our Audit report.
- (b) According to the information and Explanation given to us and on the basis of our examination of the records of the company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- (viii) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts in the tax assessments under the Income Tax Act, 1961 (43 of 1961) as income during the year.
- (ix) (a) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of dues to any financial institutions, bank or debenture holders. Company's repayment of dues are paid by Government of India/Government of Tamilnadu on due dates as guarantors. The company is only passing entries in the books of accounts. Hence we are unable to comment with regard to these loans.
- (b) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that, the company has not been declared as Willful defaulter by any bank or financial Institution or other lender.
- (c) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the term loans
- Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

were applied for the purpose for which the loans were obtained.

(d) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the funds raised on short term basis have not been utilised for long term purposes.

(e) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of whether the company has taken funds from any entity or person on account of or to meet the obligations of subsidiaries, associates and joint ventures is not applicable. However, the company is fellow subsidiary of M/s Tamil Nadu Generation and Distribution Corporation limited and the corresponding transactions are reflected in financials.

(f) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of loans raised during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable.

(x)

(a) The company has not raised funds by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly the reporting under clause is not applicable.

(b) The company has not raised funds by way of any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. However, the company has allotted fresh shares on Rights basis to the holding company.

(xi)

(a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose reporting in the true and fair view of the financial statements, we report that there are no fraud by the company or any fraud on the company has been noticed or reported during the year.

(b) According to the information and explanations given to us, there is no report under sub-section (12) of section 143 of the Companies Act that has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on our audit procedures and according to the information and explanation given to us, we report that, the company has not received any whistle-blower complaints during the year.

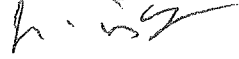
Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

- (xii) The company is not a Nidhi Company, hence the reporting of required information of this clause and rules of Nidhi Rules, 2014 are not applicable.
- (xiii)
- (a) Section 177 of the Companies Act 2013 in respect of constitution of Audit Committee is not applicable to the company.
- (b) According to the Information and explanations given to us, that all transactions with related parties are in compliance with section 188 of Companies Act 2013 wherever applicable and the details have been disclosed (Note 21) in the financial statements in terms of Ind AS 24 – Related Party Disclosures.
- (xiv) According to the Information and explanation given to us, the company does not have Internal Audit system.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to Register under the section 45-IA of The Reserve Bank Act, 1934 and the other matters that are required to be reported under this clause are not applicable, since the company is owned by the Government.
- (xvii) According to the Information and explanation given to us and an overall examination of Financial Statements of the company, the company has incurred cash losses in the financial year and in the immediately preceding financial year the company has incurred cash losses of Rs.1911.19 crores.
- (xviii) The Statutory Auditor of previous year has resigned during the year and there are no issues, objections or concerns raised by the outgoing auditor.
- (xix) According to the Information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the Audit Report that the company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.
- The above clause is not applicable to the company as it is owned by the Government and the loans are Guaranteed by the Government of India / Tamilnadu.
- (xx) As per section 135 of the Companies Act 2013, the company does not have to make provision for corporate social responsibility as it is incurring losses. Hence Reporting under this clause is not applicable.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

- (xxi) The company is not required to prepare the Consolidated Financial Statements as per criteria mentioned in Ind AS 110 and hence the reporting of matters mentioned under this clause regarding qualifications or adverse remarks by the respective auditors in Companies (Auditor's Report) Order (CARO), 2020 is not applicable.

For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S



G. Vivekananthan
Partner,
M.No: 021677

Place: Chennai

Date: 13.03.2024

UDIN: 24021677BKAMRM 8825

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, 2023 in conjunction with our Audit of the Financial Statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

2. The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate Financial Controls that were operating effectively for ensuring the orderly and efficient conduct of its Business, including adherence to Company's policies, the safeguarding of its Assets, the prevention and detection of Frauds and Errors, the Accuracy and completeness of the Accounting records and the timely preparation of Reliable Financial information as required under the Companies Act, 2013.

Auditor's Responsibility:

3. Our Responsibility is to express an opinion on the company's Internal Financial Controls over Financial Reporting based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the "Guidance Note") issued by The Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Sec 143(10) of the Companies Act, 2013 to the extent applicable to an audit of Internal Financial Controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated efficiently in all material aspects.
4. Our Audit involves procedures to obtain Audit evidence about adequacy of the Internal Financial Controls systems over Financial Reporting and their operating effectiveness. Our Audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's judgment including the assessment of the risks of material misstatement of the Financial Statements, whether due to Fraud or Error.
5. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion on the Company's Internal Financial Controls over Financial Reporting.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

Meaning of Internal Financial Controls over Financial Reporting:

6. A company's Internal Financial Controls over Financial Reporting is a process designed to provide a reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A company's Internal Financial Controls over Financial Reporting includes those policies and procedures that (1) pertain to the Maintenance of record that, in reasonable detail, Accurately and Fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted Accounting Principles, and that Receipts and Expenditures of the company are being made only in accordance with the authorization of Management and Directors of the company; and (3) provide reasonable Assurance regarding prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's Assets that could have a material effect on the Financial Statements.

Inherent limitations of Internal Financial Controls over Financial Reporting:

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

Basis for Adverse Opinion:

8. According to the information and explanations given to us and based on our Audit, the following Material Weaknesses have been identified as at 31 March 2023:
- a. Ineffective oversight over the Company's Internal Financial Controls over Financial Reporting by those charged with Governance.
 - b. The Company does not have an Internal Audit System commensurate with the nature and size of its operations.
 - c. The Company's Internal Control System with regard to its Capital Work in progress and Property, Plant and equipment is deficient in areas of capitalization, physical verification and consequent impairment.
 - d. Lack of Integrated process between various functions such as Revenue Invoicing, payroll processing and material accounting for which material internal controls weaknesses were identified.
 - e. Refer our note in our Basis of Adverse Section, where timely Inter-Company and Inter Unit reconciliation process is not made.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tirappur

- f. Absence of a process to evaluate Internal Financial Controls and Risk Management systems by the company as required by section 177(4)(vii) of the Companies Act, 2013.
- g. Inadequate controls in Information Technology migration to present Accounting software.
- h. The company does not have appropriate process with regard to periodic review and Audit of the Information Technology General and Application controls of the New Accounting System.
- i. Attention is drawn to Note 20 & note 43 to Financial Statements, no amount is disclosed as dues pending to Micro, Small & Medium Enterprises ("MSME") due to the fact that the company does not have proper mechanism and system updation in place to capture the required information.

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 2023, 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 Institute of Chartered Accountants of India.

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 2023, and these material weaknesses have also affected our opinion on the Financial Statements of the Company and hence, we have issued an Adverse opinion.

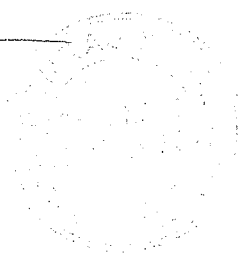
For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S

[Handwritten signature]

G. Vivekananthan
Partner,
M.No: 021677
Place: Chennai

Date: 13-03-2024

UDIN: 24021677BKAMRM8825



Independent Auditor's Report

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 2022-23 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.	TANTRANSCO commenced the ERP usage from FY 2021-22. Accounting of transactions has been done through ERP process and also by way of manual journals. The lapses have been reported in our basis for adverse opinion forming part of our Internal Control over Financial Reporting (ICFR) report. However as all the accounting transactions have been brought into ERP as above, the Trial Balance as at 31-03-2023 has been generated through ERP.
2.	Whether there is any restructuring of an existing loan or cases of waiver/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 received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes. Funds received for specific schemes from Central /State agencies were properly accounted for/utilized as per its terms and conditions.

Sub-directions issued under Section 143 (5) of the Companies Act, 2013		
1.	It may be verified and stated whether the Company has complied with the provisions of National Financial Reporting Authority (NFRA) Rules, 2018.	As per the provisions of NFRA Rules, 2018, the company yet to file Form NFRA-1 regarding coverage under NFRA and appointment of the Auditors.
2.	It may be stated whether any report vide Form ADT-4 to the central government u/s 142(12) of the companies act, 2013 as per the NFRA Circular No. NF-25013/2/2023 dated 26.06.2023 has been given by the statutory Auditors. If Yes, a detailed write-up on the issues reported may be furnished. If No, justification for not furnishing such report maybe expressly furnished.	During the audit, we have not come across any instance of frauds. Hence filing of ADT-4 does not arise.
3.	It may be verified and stated whether the company has complied with the provisions of Companies Act, 2013 and adopted the applicable accounting framework and Ind AS.	The company is following Ind AS and it is in compliance of Companies act 2013 subject to our audit comments.
4.	It may be verified and stated whether the fixed asset registers were maintained properly and updated as on date. Further, it may also be reported whether the physical verification of assets was carried out as on 31.03.2023 or at regular intervals.	The company is maintaining Fixed Assets register and it is being updated. As informed by the management the physical cross verification is done by the corresponding SE's at the Circle level.
5.	It may be verified and stated whether title of lands shown in the books of accounts are registered in the name of TANTRANSCO. In case, if the lands in the name of other entities like TANGEDCO and TNEB Ltd., entity-wise ownership details along with extent of such lands may be stated.	The company has stated the title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details. We are unable to comment on the entity-wise ownership details along with extent of such lands due to non furnishing of relevant information by TANTRANSCO.

PONRAJ & CO.
Chartered Accountants,
FIRST FLOOR, NEW NO.18 OLD NO.24,
NORTH TANK SQUARE STREET, TRIPPLICANE, CHENNAI - 600 005
Mobile: 9282110519, E-mail: vivekananthan2001@gmail.com

6.	It may be verified whether all the capital works completed were transferred to fixed assets head. If not so transferred, please state the impact of the same.	CWIP balance as on 31.03.2023 includes value of work completed but pending to be capitalized. The company is in the process of reconciliation of the details of work order wise/Project wise break up details in respect of entire CWIP balance of Rs. 20,342.16 Crores, hence we are unable to comment on the impact of the same.
7.	Whether the expenses for long term employee benefits have been properly allocated among the employees deployed in TANGEDCO and TANTRANSCO.	The provision for post-employment benefits such as gratuity, pension, leave encashment, etc., has been made based on Actuarial Valuation as on 31.3.2023 on proportionate basis applicable to TANTRANSCO.
8.	It may be verified and stated whether the company has a proper system for accounting of of General Provident Fund and Contributory Pension Scheme in respect of employee benefits.	Proper system for accounting of General Provident Fund and Contributory Pension Scheme is followed. However, the company is in the process of reconciliation of the staff wise balances of GPF and CPS as maintained in the Physical register and HR module in SAP.
9.	IT may be verified and reported whether the reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has been completed? The reasons for difference, if any, may be examined and stated.	The process of Reconciliation of receivables and payables between TANGEDCO and TANTRANSCO is still being carried out. There is an un-reconciled balance of Rs.222.35 Crores as on 31.03.2023.
10.	Confirmation of balances of Debtors/ Creditors may be obtained and verified. In case of non-verification of the same, specific reasons may be stated.	The methodology of Confirmation of balances from Debtors/ Creditors has not been initiated by TANTRANSCO and hence could not be verified.

PONRAJ & CO
Chartered Accountants,
FIRST FLOOR, NEW NO.18 OLD NO.24,
NORTH TANK SQUARE STREET, TRIPPLICANE, CHENNAI – 600 005
Mobile: 9282110519, E-mail: vivekananthan2001@gmail.com

11.	It may be verified whether there is proper system of accounting with respect to legal and statutory payments. Instances of delayed filing/Non-filing of statutory returns may be reported.	There is a system of accounting with respect of Legal and Statutory payments but the system should be improved. As informed by TANTRASCO, there are no instances of delayed filing / Non-filing of Statutory returns.
12.	Impact of GST on the assets transferred between TANGEDCO and TANTRASCO may be analysed and reported	CMD Proceedings has been issued for restriction of transfer of materials between TANGEDCO and TANTRASCO vide TANGEDCO CMD. Proceedings. No.02 dated 19.01.2022. There is no transfer of assets between TANTRASCO and TANGEDCO during the year and hence impact of GST does not arise.
13.	Correctness of Transmission charges claimed by TANTRASCO and TANGEDCO may be reviewed and reported.	The company is claiming transmission charges from TANGEDCO, as per the Transmission Tariff Order in TP2 of 2017 Dt.11.08.2017 upto 09.09.2022 @ Rs.3037.30/MW/day and From 10.09.2022 as per Transmission Tariff Order in TP No. 2 of 2022 dated 09.09.2022 @ Rs. Rs.5159.26/Per MW/Per day.
14.	It may be verified and stated whether transmission loss were within the prescribed norms and whether the same was properly accounted for in the books of accounts.	There is no impact of transmission loss in the books of accounts since transmission charges billed as per the approved capacity of TNERC.

Place: Chennai
Date: 13-03-2024

For PONRAJ & CO
Chartered Accountants
Firm Regn.No.002672S

Partner
M No.021677

UDIN: 24021677BKAMM8825

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21st June 2024

To,

The Board of Directors
Tamilnadu Transmission Corporation Limited
4th Floor, TANTRANSCO Headquarters Building,
144, Anna Salai,
Chennai – 600 002.

Sir,

Sub: Revised Independent Auditor Report for F.Y. 2022-23 to be presented in the Board Meeting

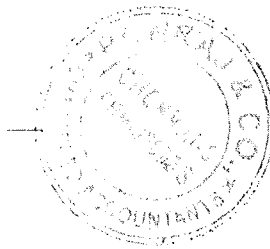
We hereby wish to inform the Board that we are revising our Audit Report for the Financial Year ended 31st March 2023.

The reason for the same is due to some typographical corrections in the Independent Auditors Report and Annexure A of the Independent Auditors Report which have been pointed out by the C&AG auditors in the Audit Enquiries raised. For these corrections to take effect the same must be placed at the Board Meeting for approval.

Thanks and Regards,

For PONRAJ & Co.,
Chartered Accountants
FRN-02672 S

G. VIVEKANANTHAN
PARTNER
M.No. 021677



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Independent Auditor's Report

To

The Members of

TAMILNADU TRANSMISSION CORPORATION LIMITED

This Revised Independent Auditor's Report is being issued in supersession of our earlier Independent Audit Report dated 13th March 2024, at the instance of the Comptroller & Auditor General of India through the Office of the Principal Accountant General, (Audit II) Tamil Nadu & Pondichery. The revised report is being issued in view of correcting the typographical errors in the audit report as pointed out by the Office of the Principal Accountant General, (Audit II) Tamil Nadu & Pondichery. Further we confirm that none of the figures have undergone any change in the Financial Statements of the Company as on 31st March 2023 as known to us.

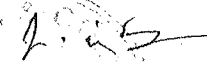
Report on the Audit of Financial Statements

Adverse Opinion

1. We have Audited the accompanying standalone Financial Statements of **TamilNadu Transmission Corporation Limited** ('the Company'), which comprise of the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant Accounting Policies and other explanatory information.
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 Adverse 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 do not give a True and Fair view, in conformity with the Accounting Principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act ("Ind AS"), read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2023, and its Loss and its cash flows for the year ended on that date.

Basis for Adverse Opinion

3. Attention is drawn to note 4(a) of the Financial Statements, wherein the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31st March 2023.
4. Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its Book Balance with its fellow subsidiary company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 9.47 crores payable is pending for further reconciliation. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and


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a difference of Rs.231.82 Crores receivable. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.

5. Attention is drawn to note 11 of the Financial Statements under Other Current Assets which includes unreconciled Inter Unit Balance of Rs.392.40 crores. We are unable to ascertain any possible impact on revenue and if so, to that extent it may affect / impact the statement of profit or loss.
6. Attention is drawn to notes to the Financial Statements mentioned hereunder, wherein complete disclosures as required by the respective Ind AS has not been complied by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance with respective Ind AS.

<i>Note reference</i>	<i>Ind AS reference</i>
40	Ind AS 24 – Related Party Disclosures
46	Ind AS 108 – Operating Segments
14A	Ind AS 107 – Financial Instruments: Disclosures
18	Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance
24 & 42A	Ind AS 115 – Revenue from Contracts with Customers
27	Ind AS 23 – Borrowing Costs

7. Turnover for the FY 2022-23 is Rs.4476.99 crores, but as per GSTR-3B return it is Rs.3448.42 crores. Turnover of Rs.1028.57 crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable portion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31st March 2023 and the corresponding impact on Statutory liabilities as at 31st March 2023
8. (a) Attention is drawn to note 7 of the Financial Statements, wherein party-wise break-up and confirmation of balances of trade receivables are not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials.
 (b) Attention is drawn to note 20 of the Financial Statements, wherein Ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
9. Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.

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10. Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
11. There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.
12. Attention is drawn to Note 4(b) and 28 of the Financial Statements where the ERP Software capitalized during the year were not amortized for the period of usage during the year. To this extent the value of intangible assets is overstated and value of depreciation & amortization expense for the year is understated.
13. In Note 47A of the Financial Statements, the Company has stated that the title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details relating to title deeds of property. We are unable to comment on the entity-wise ownership details along with extent of such lands due to non-furnishing of relevant information by TANTRANSCO.
14. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Adverse opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

15. 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, Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

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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

16. 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.
17. 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.
18. 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

19. 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.
20. 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;

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- 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.
 - Materiality is the magnitude of misstatement in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider Quantitative materiality and qualitative factors in (i) planning the scope of our Audit Work and in evaluating the Results of our work; and (ii) to evaluate the effect of any identified misstatement in the Financial Statements.
21. 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.
22. 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

23. As required by the Companies (Auditor's Report) Order, 2020 ("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.

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24. 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 matters described in the Basis for Adverse 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/possible effects of the matters described in the Basis for Adverse 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) except for the effects of the matters described in the Basis for Adverse 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)
- d) the Financial Statements dealt with by this Report are in agreement with the Books of Account;
- e) the matters described in paragraph 3-15 under the Basis for Adverse Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- f) 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.
- g) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- h) The qualification relating to the maintenance of Accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section;
- i) We have also audited the Internal Financial Controls with reference to Financial statements of the Company as on 31 March 2023 in conjunction with our Audit of the Financial Statements of the Company for the year ended on that date and our Report as per Annexure B expressed modified opinion; and

j) 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:
Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

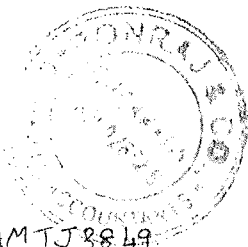
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- i. Except for the effects of the matters described in paragraph 3-15 of the Basis for Adverse Opinion section and the below mentioned Legal case, the Financial statements disclose the impact of pending litigations on the financial position of the Company as at 31 March 2023. As Informed by the management the following is the legal case
 - a) DFR No – 386/2021
- 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 2023.
- iv. (a) The management has represented that, to the Best of its knowledge and belief, as disclosed in the note 50 to the Financial Statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(b) The management has represented, that, to the Best of it's knowledge and belief, as disclosed in the note 50 to the Financial Statement, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(c) Based on Audit Procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under clause (iv) (a) and (iv) (b) contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.

For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S

G. Vivekananthan
Partner,
M.No: 021677
Place: Chennai
Date: 21-06-2024

UDIN: 24021677BKAMTJ3849
Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur



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Annexure "A" To Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my report of even date)

(i) a)

(A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Intangible Assets.

- b) According to Information and explanations given to us, the management has physically verified these Property, Plant and Equipment at reasonable intervals, the relevant reports not produced for verification. We are unable to comment on this.
- c) The Title Deeds of the Immovable Properties disclosed by the Management of company in the Financial Statements in Note 4(a) are not held in the name of the company, In absence of sufficient appropriate evidence we are unable to comment on the clause 3(i)(c) of the order.
- d) The company has not revalued its Property, Plant and Equipment during the year as disclosed by the management in note 47A of Financial Statements.
- e) As Informed by the management, there are no proceedings initiated or pending against the company for holding any Benami Property during the current year.

(ii)

- a) In the absence of appropriate documentary evidence for physical verification of inventory by the management at reasonable intervals and no systematic approach for accounting in the books of account, in respect of difference in inventories, we could not comment on the physical verification process of inventory.
- b) The company has been sanctioned working Capital limits in excess of RS.5 crores in aggregate by Banks as on 31-03-2023 on the basis of security of current assets of the company and the Quarterly Returns or statements filed by the company with such banks are in agreement with Books of Accounts.

(iii)

According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company during the year has not made investments in, provided any Guarantee or Security or Granted any Loans or Advances in nature of Loans, Secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(iv)

According to the Information and Explanation given to us and on the basis of our examination of the records of the company, as disclosed above, there have been no loans, investments and guarantees given by company and hence the provisions of

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section 185 and 186 of Companies Act, 2013 are not applicable.

- (v) According to the Information and Explanation given to us and on the basis of our examination of the records of the company, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order is not applicable.
- (vi) According to the information and Explanation given to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Sub Section (1) of section 148 of the Companies Act, 2013 have been made and maintained. However, we are not required to carry out any detailed examination of such records.
- (vii) (a) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and service Tax, Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Taxes, Duty of customs, duty of Excise, value added tax, Cess and any other statutory dues with the appropriate authorities. Further, there are no outstanding statutory dues existing as on the last day of Financial year which is outstanding for more than 6 months from the day these becomes payable except those mentioned as Duties and taxes in Note 23 – Other Current Liabilities of the Financial statements.
- (b) According to the information and Explanation given to us and on the basis of our examination of the records of the company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities except as those reported as disputes relating to Income Tax and GST under Note 47 – Contingent Liabilities of the Financial statements
- (viii) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts in the tax assessments under the Income Tax Act, 1961 (43 of 1961) as income during the year.
- (ix) (a) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of dues to any financial institutions, bank or debenture holders. Company's repayment of dues are paid by Government of India/Government of Tamilnadu on due dates as guarantors. The company is only passing entries in the books of accounts. Hence we are unable to comment with regard to these loans.
- (b) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that, the company has not been declared as Willful defaulter by any bank or financial Institution or other

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lender.

- (c) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the funds raised on short term basis have not been utilised for long term purposes.
- (e) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of whether the company has taken funds from any entity or person on account of or to meet the obligations of subsidiaries, associates and joint ventures is not applicable. However, the company is fellow subsidiary of M/s Tamil Nadu Generation and Distribution Corporation limited and the corresponding transactions are reflected in financials.
- (f) According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of loans raised during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable.

(x)

- (a) The company has not raised funds by way of Initial public offer or further public offer (including debt instruments) during the year. Accordingly the reporting under clause is not applicable.
- (b) The company has not raised funds by way of any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi)

- (a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose reporting in the true and fair view of the financial statements, we report that there are no fraud by the company or any fraud on the company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, there is no report under sub-section (12) of section 143 of the Companies Act that has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- (c) Based on our audit procedures and according to the information and explanation given to us, we report that, the company has not received any whistle-blower complaints during the year.

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- (xii) The company is not a Nidhi Company, hence the reporting of required information of this clause and rules of Nidhi Rules, 2014 are not applicable.
- (xiii)
- (a) Section 177 of the Companies Act 2013 in respect of constitution of Audit Committee is not applicable to the company.
- (b) According to the Information and explanations given to us, that all transactions with related parties are in compliance with section 188 of Companies Act 2013 wherever applicable and the details have been disclosed (Note 21) in the financial statements in terms of Ind AS 24 – Related Party Disclosures.
- (xiv) According to the Information and explanation given to us, the company does not have Internal Audit system.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to Register under the section 45-IA of The Reserve Bank Act, 1934 and the other matters that are required to be reported under this clause are not applicable, since the company is owned by the Government.
- (xvii) According to the Information and explanation given to us and an overall examination of Financial Statements of the company, the company has incurred cash losses in the financial year and in the immediately preceding financial year the company has incurred cash losses of Rs.1911.19 crores.
- (xviii) The Statutory Auditor of previous year has completed their tenure during the year and there are no issues, objections or concerns raised by the outgoing auditor.
- (xix) According to the Information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the Audit Report that the company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.

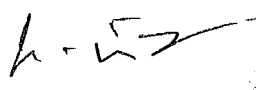
The above clause is not applicable to the company as it is owned by the Government and the loans are Guaranteed by the Government of India / Tamilnadu.

- (xx) As per section 135 of the Companies Act 2013, the company does not have to make provision for corporate social responsibility as it is incurring losses. Hence Reporting under this clause is not applicable.

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- (xxi) The company is not required to prepare the Consolidated Financial Statements as per criteria mentioned in Ind AS 110 and hence the reporting of matters mentioned under this clause regarding qualifications or adverse remarks by the respective auditors in Companies (Auditor's Report) Order (CARO), 2020 is not applicable.

For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S


G. Vivekananthan
Partner,
M.No: 021677



UDIN: 24021677BKAMT53849

Place: Chennai

Date: 21.06.2024

ВЛАСТЬ
ГОР

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, 2023 in conjunction with our Audit of the Financial Statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

2. The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate Financial Controls that were operating effectively for ensuring the orderly and efficient conduct of its Business, including adherence to Company's policies, the safeguarding of its Assets, the prevention and detection of Frauds and Errors, the Accuracy and completeness of the Accounting records and the timely preparation of Reliable Financial information as required under the Companies Act, 2013.

Auditor's Responsibility:

3. Our Responsibility is to express an opinion on the company's Internal Financial Controls over Financial Reporting based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the "Guidance Note") issued by The Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Sec 143(10) of the Companies Act, 2013 to the extent applicable to an audit of Internal Financial Controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated efficiently in all material aspects.
4. Our Audit involves procedures to obtain Audit evidence about adequacy of the Internal Financial Controls systems over Financial Reporting and their operating effectiveness. Our Audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's judgment including the assessment of the risks of material misstatement of the Financial Statements, whether due to Fraud or Error.

5. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion on the Company's Internal Financial Controls over Financial Reporting.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur

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Meaning of Internal Financial Controls over Financial Reporting:

6. A company's Internal Financial Controls over Financial Reporting is a process designed to provide a reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A company's Internal Financial Controls over Financial Reporting includes those policies and procedures that (1) pertain to the Maintenance of record that, in reasonable detail, Accurately and Fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted Accounting Principles, and that Receipts and Expenditures of the company are being made only in accordance with the authorization of Management and Directors of the company; and (3) provide reasonable Assurance regarding prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's Assets that could have a material effect on the Financial Statements.

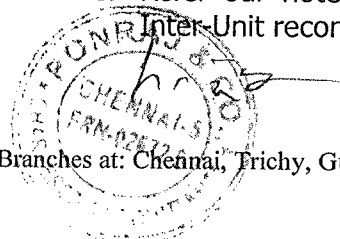
Inherent limitations of Internal Financial Controls over Financial Reporting:

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

Basis for Adverse Opinion:

8. According to the information and explanations given to us and based on our Audit, the following Material Weaknesses have been identified as at 31 March 2023:
- a. Ineffective oversight over the Company's Internal Financial Controls over Financial Reporting by those charged with Governance.
 - b. The Company does not have an Internal Audit System commensurate with the nature and size of its operations.
 - c. The Company's Internal Control System with regard to its Capital Work in progress and Property, Plant and equipment is deficient in areas of capitalization, physical verification and consequent impairment.
 - d. Lack of Integrated process between various functions such as Revenue Invoicing, payroll processing and material accounting for which material internal controls weaknesses were identified.
 - e. Refer our note in our Basis of Adverse Section, where timely Inter-Company and Inter-Unit reconciliation process is not made.

Branches at: Chennai, Trichy, Gudiyatham, Sivakasi and Tiruppur



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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.
- g. Inadequate controls in Information Technology migration to present Accounting software.
- h. The company does not have appropriate process with regard to periodic review and Audit of the Information Technology General and Application controls of the New Accounting System.
- i. Attention is drawn to Note 20 & note 43 to Financial Statements, no amount is disclosed as dues pending to Micro, Small & Medium Enterprises ("MSME") due to the fact that the company does not have proper mechanism and system updation in place to capture the required information.

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 2023, 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 Institute of Chartered Accountants of India.

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 2023, and these material weaknesses have also affected our opinion on the Financial Statements of the Company and hence, we have issued an Adverse opinion.

For M/s Ponraj & Co.,
Chartered Accountants
Firm Regn No. 002672S

G. Vivekananthan
Partner,
M.No: 021677
Place: Chennai

Date: 21-06-2024

UDIN: 24021677BKAMTJ3849

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Independent Auditor's Report

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 2022-23 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.	TANTRANSCO commenced the ERP usage from FY 2021-22. Accounting of transactions has been done through ERP process and also by way of manual journals. The lapses have been reported in our basis for adverse opinion forming part of our Internal Control over Financial Reporting (ICFR) report. However as all the accounting transactions have been brought into ERP as above, the Trial Balance as at 31-03-2023 has been generated through ERP.
2.	Whether there is any restructuring of an existing loan or cases of waiver/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 received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes. Funds received for specific schemes from Central /State agencies were properly accounted for/utilized as per its terms and conditions.

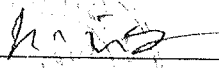
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Sub-directions issued under Section 143 (5) of the Companies Act, 2013

1.	It may be verified and stated whether the Company has complied with the provisions of National Financial Reporting Authority (NFRA) Rules, 2018.	As per the provisions of NFRA Rules, 2018, the company yet to file Form NFRA-1 regarding coverage under NFRA and appointment of the Auditors.
2.	It may be stated whether any report vide Form ADT-4 to the central government u/s 142(12) of the companies act, 2013 as per the NFRA Circular No. NF-25013/2/2023 dated 26.06.2023 has been given by the statutory Auditors. If Yes, a detailed write-up on the issues reported may be furnished. If No, justification for not furnishing such report may be expressly furnished.	During the audit, we have not come across any instance of frauds. Hence filing of ADT-4 does not arise.
3.	It may be verified and stated whether the company has complied with the provisions of Companies Act, 2013 and adopted the applicable accounting framework and Ind AS.	The company is following Ind AS and it is in compliance of Companies act 2013 subject to our audit comments.
4.	It may be verified and stated whether the fixed asset registers were maintained properly and updated as on date. Further, it may also be reported whether the physical verification of assets was carried out as on 31.03.2023 or at regular intervals.	The company is maintaining Fixed Assets register and it is being updated. As informed by the management the physical cross verification is done by the corresponding SE's at the Circle level.
5.	It may be verified and stated whether title of lands shown in the books of accounts are registered in the name of TANTRANSCO. In case, if the lands in the name of other entities like TANGEDCO and TNEB Ltd., entity-wise ownership details along with extent of such lands may be stated.	The company has stated the title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details. We are unable to comment on the entity-wise ownership details along with extent of such lands due to non furnishing of relevant information by TANTRANSCO.

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PONRAJ & CO
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 NORTH TANK SQUARE STREET, TRIPLICANE, CHENNAI – 600 005
 Cell: 92821 10519, email : vivekananthan2001@gmail.com

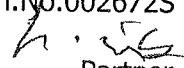
6.	It may be verified whether all the capital works completed were transferred to fixed assets head. If not so transferred, please state the impact of the same.	CWIP balance as on 31.03.2023 includes value of work completed but pending to be capitalized. The company is in the process of reconciliation of the details of work order wise/Project wise break up details in respect of entire CWIP balance of Rs. 20,342.16 Crores, hence we are unable to comment on the impact of the same.
7.	Whether the expenses for long term employee benefits have been properly allocated among the employees deployed in TANGEDCO and TANTRANSCO.	The provision for post-employment benefits such as gratuity, pension, leave encashment, etc., has been made based on Actuarial Valuation as on 31.3.2023 on proportionate basis applicable to TANTRANSCO.
8.	It may be verified and stated whether the company has a proper system for accounting of of General Provident Fund and Contributory Pension Scheme in respect of employee benefits.	Proper system for accounting of General Provident Fund and Contributory Pension Scheme is followed. However, the company is in the process of reconciliation of the staff wise balances of GPF and CPS as maintained in the Physical register and HR module in SAP.
9.	IT may be verified and reported whether the reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has been completed? The reasons for difference, if any, may be examined and stated.	The process of Reconciliation of receivables and payables between TANGEDCO and TANTRANSCO is still being carried out. There is an un-reconciled balance of Rs.222.35 Crores as on 31.03.2023.
10.	Confirmation of balances of Debtors/ Creditors may be obtained and verified. In case of non-verification of the same, specific reasons may be stated.	The methodology of Confirmation of balances from Debtors/ Creditors has not been initiated by TANTRANSCO and hence could not be verified.
		

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11.	It may be verified whether there is proper system of accounting with respect to legal and statutory payments. Instances of delayed filing/Non-filing of statutory returns may be reported	There is a system of accounting with respect of Legal and Statutory payments but the system should be improved. As informed by TANTRASCO, there are no instances of delayed filing / Non-filing of Statutory returns.
12.	Impact of GST on the assets transferred between TANGEDCO and TANTRANSO may be analysed and reported	CMD Proceedings has been issued for restriction of transfer of materials between TANGEDCO and TANTRANSO vide TANGEDCO CMD. Proceedings. No.02 dated 19.01.2022. There is no transfer of assets between TANTRANSO and TANGEDCO during the year and hence impact of GST does not arise.
13.	Correctness of Transmission charges claimed by TANTRANSO and TANGEDCO may be reviewed and reported.	The company is claiming transmission charges from TANGEDCO, as per the Transmission Tariff Order in TP2 of 2017 Dt.11.08.2017 upto 09.09.2022 @ Rs.3037.30/MW/day and From 10.09.2022 as per Transmission Tariff Order in TP No. 2 of 2022 dated 09.09.2022 @ Rs. Rs.5159.26/Per MW/Per day.
14.	It may be verified and stated whether transmission loss were within the prescribed norms and whether the same was properly accounted for in the books of accounts.	There is no impact of transmission loss in the books of accounts since transmission charges billed as per the approved capacity of TNERC.

Place: Chennai
Date: 21-06-2024

For PONRAJ & CO
 Chartered Accountants
 Firm Regn.No.002672S

 Partner
 M No.021677

UDIN:24021677BKAMTJ3849

БЛАНК ПАСПОРТА

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
BASIS FOR ADVERSE OPINION:		
3	Attention is drawn to note 4(a) of the Financial Statements, wherein the company is in the process of a detailed review of its capital work in progress balances and pending completion of the same, we are unable to assess the appropriateness of the Company's Capital Work in progress as at the year ended 31 st March 2023.	As a part of on-going reconciliation of balances, the company has reconciled the Capital Work -In progress (CWIP) balances of one of the five Genral Construction Circle (GCC), viz.GCC/Salem circle. The company is in the process of reconciling of all balances for the remaining GCCs.
4	Attention is drawn to note 21 of the Financial Statements wherein the company has completed the process of reconciling its book balance with its fellow subsidiary company,Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and a difference of Rs. 9.47 crores payable is pending for further reconciliation. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year. Attention is drawn to note 7 of the financial statements wherein the company has completed the process of identification/reconciliation of its book balance with its fellow subsidiary company TANGEDCO and a difference of Rs.231.82 crores receivable. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	TANTRANSCO has brought all the transaction entries in its books of accounts. The reconciliation between the companies have been undertaken and the un-reconciled balances have been narrowed down during the recent years. For the balance unreconciled portion, the reconciliation with the fellow-subsiary company, TANGEDCO Ltd.is under progress.
5	Attention is drawn to note 11 of the Financial Statements under Other Current Assets which includes unreconciled inter unit opening balance of Rs.392.40 crores. We are unable to ascertain any possible impact on revenue and if so, to that extent it may affect/impact the statement of Profit or Loss.	Appropriate Inter-unit reconciliation will be arrganged to carried out periodically, on regular basis.
6	Attention is drawn to notes to the Financial Statements mentioned here under, wherein complete disclosures as required by the respective Ind AS has not been complied by the Company. In the absence of sufficient appropriate evidence, we are unable to comment on the compliance with respective Ind AS.	
Note reference and Ind AS reference		
	Note 40-Ind AS 24 – Related Party Disclosures	The detailed disclosure has been provided under Note 40
	Note 46-Ind AS 108 – Operating Segments	Details of Operating segment as required will be arranged to be made available in the financials of FY 2023-24.
	Note 14A-Ind AS 107 – Financial Instruments: Disclosures	The required disclosure has been provided under Note 14A
	Note 18-Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance	The company is in the process of collating details of Assets commissioned, assets under construction and date of commissioning etc., The same will be disclosed appropriately upon completion.
	Note 24 & 42A-Ind AS 115 – Revenue from Contracts with Customers	The tariff rate has been revised vide TNERC Tariff order No.08. of 2022 in T.P. No. 2 of 2022 dated 09.09.2022 effective from 10.09.2022, has been disclosed under Note- 24.
	Note 27-Ind AS 23 –Borrowing Costs	The disclosure has been provided under Note-23
7	Turnover for the FY 2022-23 is Rs.4476.99 Crores, but as per, GSTR-3B return it is Rs.3448.42 Crores. Turnover of Rs.1028.57 Crores is understated in GST Returns. Contingent liability of GST payable @18% on the Taxable portion not provided for. Pending completion of the said process, we are unable to assess the impact on the Company's loss for the year ended 31 st March 2023 and the corresponding impact on statutory liabilities as at 31 st March 2023	The GSTR 9C return can be filed only after reconciling with the Annual Accounts for the FY 2022-23. The GST liability on taxable heads has already been paid based on the returns received from the circle and the difference in the income between financial statements and GSTR3B will mostly comprise of the income which is not subject to GST or exempt from GST.
8.a	Attention is drawn to note 7 of the Financial Statements, wherein party-wise break-up and confirmation of balances of trade receivables are not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials.	In the Trade receivables the major portion is the transmission charges pertaining to TANGEDCO and confirmation of balances were produced from TANGEDCO.

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
8.b	Attention is drawn to note 20 of the Financial Statements, wherein Ageing of Trade payables and confirmation of balances party-wise not produced for verification. We are unable to assess the provisioning requirements if any and its impact on the financials. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	FY 2021-22 being the first year of ERP migration, ERP has been implemented in phased manner. Hence, the transactions were brought in accounts through process and by posting journal entries and the opening balances are carried forward as legacy. The details of Ageing of trade payables will be arranged to be configured as a report in ERP.
9	Attention is drawn to note 18 of the Financial Statements, project-wise reconciliation/outstanding statement for Deferred revenue on consumer contribution (DCW) is not available for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The company has migrated into ERP in phases during the FY 2021-22, the project wise details in respect of deferred revenue on consumer contribution will be configured in ERP, through process in the future.
10	Attention is drawn to note 15 of the Financial Statements, wherein the ageing details of Earnest Money Deposits, Security Deposits and Retention money not produced for verification. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The company has migrated into ERP in the FY 2021-22, details in respect of ageing details of EMD, SD and Retention money will be captured in ERP and a report will be developed in ERP, in order to extract the ageing details for the transactions entering into, during 2021-22.
11	There are un-reconciled opening balances aggregating to Rs.75.24 crores (Credit balance) are included in various items of Assets and liabilities. In the absence of sufficient appropriate evidence, we are unable to comment on the impact in the balances and corresponding impact in the loss for the year.	The long pending balance lying in the books of Accounts since inception, will be arranged to be reconciled and treated appropriately in the books of accounts.
12	Attention is drawn to note 4(b) and 28 of the Financial Statements, where the the ERP Software capitalized during the year were not amortized for the period of usage during the year. To this extent the value of intangible assets is overstated and value of depreciation & amortization expense for the year is understated.	Software will be capitalised through process in ERP and amortised appropriately.
13	In Note 47A of the Financial Statements, the Company has stated that the title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details relating to title deeds of property. We are unable to comment on the entity-wise ownership details along with extent of such lands due to non-furnishing of relevant information by TANTRANSCO.	The title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited. The company is in the process of collating the entity wise details relating to title deeds of property.
14	We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Adverse opinion.	

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
Information Other than the Financial Statements and Auditor's Report Thereon		
15	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		
16	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
17	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.
18	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		
19	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

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
20	As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:	Factual
a)	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;	
b)	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;	
c)	Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;	Factual
d)	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	
e)	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.	
f)	Materiality is the magnitude of misstatement in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.	
21	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
22	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		
23	As required by the Companies (Auditor's Report) Order, 2020 ("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

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
24	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:	Factual
a)	We have sought and except for the matters described in the Basis for Adverse 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/possible effects of the matters described in the Basis for Adverse 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)	except for the effects of the matters described in the Basis for Adverse 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
d)	the financial statements dealt with by this report are in agreement with the books of account;	Factual
e)	the matters described in paragraph 3-15 under the Basis for Adverse Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;	
f)	the provisions of section 164 (2) of the Companies Act, 2013, on the disqualification of the directors are not applicable to the company as per paragraph serial No. 19 chapter 11 notification no. G.S.R 463 (E) dated 5 th June 2015 of the Department of Company Affairs, Government of India;	Factual
g)	With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".	Factual
h)	The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section;	Factual
i)	We have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report as per Annexure B expressed modified opinion; and	
j)	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 3-15 of the Basis for Adverse Opinion section and the below mentioned legal case, the financial statements disclose the impact of pending litigations on the financial position of the Company as at 31 March 2023. As Informed by the management the following is the legal case. a) DFR No – 386/2021	Refer management reply for Point No. 3-15. Legal case- Factual
	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 2023	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF

THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23

S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
	iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 50 to the financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	Factual
	(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 50 to the financial statement, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	Factual
	(c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under clause (iv) (a) and (iv) (b) contain any material mis-statement.	Factual
	v. The Company has neither declared nor paid any dividend during the year.	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT		
(Referred to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my report of even date)		
1. (a)	(i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.	Factual
	(ii) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Intangible Assets.	Factual
(b)	According to information and explanations given to us, the management has physically verified these Property Plant and Equipment at reasonable intervals, the relevant reports not produced for verification. We unable to comment on this.	Factual
(c)	The title deeds of the immovable properties disclosed by the management of company in the financial statements in Note 4(a) are not held in the name of the company, In absence of sufficient appropriate evidence we are unable to comment on the clause 3(i)(c) of the order	The title deed of the land is held in the name of TNEB Ltd., TANGEDCO and TANTRANSCO and other immovable properties are held in the name of TANTRANSCO.
(d)	The company has not revalued its Property, Plant and Equipment during the year as disclosed by the management in note 47A of Financial Statements.	Factual
(e)	As Informed by the management, there are no proceedings initiated or pending against the company for holding any Benami Property during the current year.	Factual
(ii) a)	There are no Trade Inventories for the company, hence Physical verification of Inventory does not arise.	Factual
(b)	The company has been sanctioned working Capital limits in excess of 5 crores in aggregate by banks as on 31-03-2023 on the basis of security of current assets of the company and the quarterly returns or statements filed by the company with such banks are in agreement with books of accounts.	Factual
(iii)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.	Factual
(iv)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, as disclosed above, there have been no loans, investments and guarantees given by company and hence the provisions of section 185 and 186 of Companies Act, 2013 are not applicable.	Factual
(v)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order is not applicable.	Factual
(vi)	According to the information and Explanation given to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Sub Section (1) of section 148 of the Companies Act, 2013 have been made and maintained. However, we are not required to carry out any detailed examination of such records	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
(vii).(a)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and service Tax, Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Taxes, Duty of customs, duty of Excise, value added tax, Cess and any other statutory dues with the appropriate authorities. Further, there are no outstanding statutory dues existing as on the last day of Financial year which is outstanding for more than 6 months from the day these becomes payable. Except for those mentioned in para 10 of our Audit report.	Factual. With respect to GST, the company is regularly depositing GST on the undisputed taxable turnover transactions.
(b)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.	
(viii)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts in the tax assessments under the Income Tax Act, 1961 (43 of 1961) as income during the year.	Factual
(ix) (a)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of dues to any financial institutions, bank or debenture holders. Company's repayment of dues are paid by Government of India/Government of Tamilnadu on due dates as guarantors. The company is only passing entries in the books of accounts. Hence we are unable to comment with regard to these loans.	Factual
(b)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the company has not been declared as Willful defaulter by any bank or financial Institution or other lender.	Factual
(c)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.	Factual
(d)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, we are of the opinion that the funds raised on short term basis have not been utilised for long term purposes.	Factual
(e)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of whether the company has taken funds from any entity or person on account of or to meet the obligations of subsidiaries, associates and joint ventures is not applicable. However, the company is fellow subsidiary of M/s Tamil Nadu Generation and Distribution Corporation limited and the corresponding transactions are reflected in financials.	Factual
(f)	According to the information and Explanation given to us and on the basis of our examination of the records of the company, the company has no subsidiaries, associates and joint ventures and hence the reporting of loans raised during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
X (a)	(a) The company has not raised funds by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly the reporting under clause is not applicable.	Factual
(b)	The company has not raised funds by way of any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. However, the company has allotted fresh shares on Rights basis to the holding company.	Factual
xi (a)	According to the information and explanations given by the management and based upon the audit procedures performed for the purpose reporting in the true and fair view of the financial statements, we report that there are no fraud by the company or any fraud on the company has been noticed or reported during the year	Factual
(b)	According to the information and explanations given to us, there is no report under sub-section (12) of section 143 of the Companies Act that has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.	Factual
(c)	Based on our audit procedures and according to the information and explanation given to us, we report that, the company has not received any whistle-blower complaints during the year.	Factual
(xii)	The company is not a Nidhi Company, hence the reporting of required information of this clause and rules of Nidhi Rules, 2014 are not applicable.	Factual
(xiii)	(a) Section 177 of the Companies Act 2013 in respect of constitution of Audit Committee is not applicable to the company.	Audit Committee has been formed and meeting are being convened as per the Companies Act 2013. However, appointment of Independent Director does not arise. As per General Circular issued by MCA vide circular No. 09-2017(1/22 / 2013 /CL-V) dated 05-09-2017 - given exemption from appointment of Ind. Director if the Company registered under Unlisted & wholly owned Subsidiary Company.
	(b) According to the information and explanations given to us, that all transactions with related parties are in compliance with section 188 of Companies Act 2013 wherever applicable and the details have been disclosed (Note 21) in the financial statements in terms of Ind AS 24 - Related Party Disclosures.	
(xiv)	According to the information and explanation given to us, the company does not have Internal Audit system.	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.
(xv)	In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.	Factual
(xvi)	The Company is not required to register under the section 45-IA of The Reserve Bank Act, 1934 and the other matters that are required to be reported under this clause are not applicable, since the company is owned by the Government	Factual
(xvii)	According to the information and explanation given to us and an overall examination of financial statements of the company, the company has incurred any cash losses in the financial year and in the immediately preceding financial year the company has incurred cash losses of Rs.1911.19 crores.	Factual

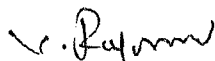
FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
(xviii)	The statutory auditor of previous year has resigned during the year and there are no issues, objections or concerns raised by the outgoing auditor.	Factual
(xix)	According to the information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. The above clause is not applicable to the company as it is owned by the Government and the loans are guaranteed by the Government of India/Tamilnadu	Factual
(xx)	As per section 135 of the Companies Act 2013, the company does not have to make provision for corporate social responsibility as it is incurring losses. Hence reporting under this clause is not applicable.	Factual
(xxi)	The company is not required to prepare the consolidated financial statements as per criteria mentioned in Ind AS 110 and hence the reporting of matters mentioned under this clause regarding qualifications or adverse remarks by the respective auditors in Companies(Auditor's Report) Order(CARO), 2020 is not applicable.	Factual

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.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, 2023 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

FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF		
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23		
S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
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
Inherent limitations of Internal Financial Controls over Financial Reporting:		
7	Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material mismanagements due to error or fraud may occur and not be deducted. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.	
Basis for Adverse Opinion:		
8	According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2023:	
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 has implemented ERP, in phases, from FY 2021-22. Due to teething issues, 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 FY 2020-21 Fixed Asset Register has been updated and now available. Further, with the implementation of ERP arrangement to strengthen the existing controls will be suitably taken.
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 in phases from FY 2021-22. and the integration between various functions are expected to be achieved.

**FOLLOWING REMARKS ARE OFFERED ON THE OBSERVATION/COMMENTS OF
THE STATUTORY AUDITOR ON THE ACCOUNTS FOR 2022-23**

S.No.	OBSERVATION OF STATUTORY AUDITOR	MANAGEMENT REPLY
e.	Refer our note in our Basis of Adverse Section, where timely inter-company and inter-unit reconciliation process is not made.	(1).TANTRANSCO has brought all the transaction entries in its books of accounts. Confirmation of balance of TANGEDCO has been furnished by TANGEDCO. However, further reconciliation with the fellow-subsidiary company, TANGEDCO Ltd.is under progress. (2). The company is in the process of detailed clean up of all balances including legacy balances in the future years.
f	Absence of a process to evaluate internal financial controls and risk management systems by the company as required by section 177(4)(vii) of the Companies Act, 2013	The company is in the process of further strengthening the internal controls to ensure still better financial reporting
g	Inadequate controls relating to Information Technology migration to present accounting software.	There is no full fledged legacy Accounting Software prior to implementation of ERP. Only journal entries were made in the legacy system and MSA,TB was generated. The ERP is a process based system where Accounting for expenditure is done automatically by way of process. Only Revenue is posted as journals in ERP. The OB as on 31.03.2021 was uploaded from legacy system and the same was verified by the Accounts wing. However, the company is in the process of conducting Migration Audit.
h	The company does not have appropriate process with regard to periodic review and audit of the Information Technology general and application controls of the new accounting system.	SAP OEM audit had been done during Pilot implementation and during Go live of the ERP. All necessary Tcode authorisations have been provided to various levels for review so as to monitor all transactions done in ERP and take necessary corrective measures.
i	Attention is drawn to Note 20 & note 43 to Financial Statements, no amount is disclosed as dues pending to Micro, Small & Medium Enterprises ("MSME") due to the fact that the company does not have proper mechanism and system updation in place to capture the required information.	The list of MSME vendors are manually maintained. TANTRANSCO is in the process to update the vendor master data in ERP, with MSME status along with the period up to which they are valid, and development of ERP report on MSME vendors, with a view to comply with MSME Act and provisions.
	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 2023, 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 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 2023, and these material weaknesses have also affected our opinion on the financial statements of the Company and hence, we have issued an Adverse opinion.	


 Chief Financial Controller (Sundar C. C.)
 For Tamilnadu Transmission Corporation

БЛАНК РАСЧЕТА



G RAMACHANDRAN & ASSOCIATES
COMPANY SECRETARIES

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

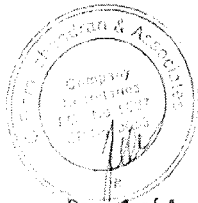
To,
The Members,
TAMILNADU TRANSMISSION CORPORATION LIMITED
CIN# U40109TN2009SGC071948
NPKRR MALIGAL (TNEB OFFICE)
144, ANNA SALAI
Chennai - 600002

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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 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, 2023 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;



Page 1 of 4

- (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

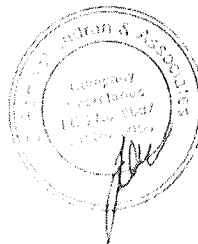
During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We report that

1. The Company is a wholly owned subsidiary of INEB Limited (INEB), therefore the Company is not required to appoint Independent Directors as per the provisions of Section 149 of Companies Act, 2013 read with rule 4(2) of Companies (Appointment of Directors) rules, 2014. However, INEB, the holding Company, has not appointed Independent Directors as required under the provisions Section 149 of the Act.
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. The Company has not constituted Nomination Remuneration Committee as required under section 178 of the Act.
4. The Company has not appointed an Internal Auditor.
5. The Annual General meeting for the financial year ended 31st March, 2022 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.
6. The Directors' Report under Section 134 of the Companies Act, 2013, was approved by the Board on 13th March 2024. However, the Report of the Secretarial Auditor was issued subsequently, as per the date mentioned herein. Whereas, the Report of the Secretarial Auditor forms part as an annexure to the Directors' Report was not placed before the Board.
7. During the year under review, there have been some changes (appointments and cessations) in the Board of Directors of the Company.

We further report that

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



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

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

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.

For G.Ramachandran & Associates
Company Secretaries

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP. No.3056
PR No. 2968/2023

Date: 21st September, 2024
Place: Chennai
UDIN: F009687F001276801

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

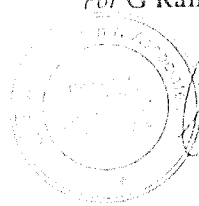
To,

The Members,
TAMILNADU TRANSMISSION CORPORATION LIMITED
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 nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

For G Ramachandran & Associates
Company Secretaries



G. RAMACHANDRAN

Proprietor

FCS No.9687 CoP. No.3056

PR No. 2968/2023

Date: 21st September, 2024

Place: Chennai

UDIN: F009687F001276801

Balance Sheet as at 31 March 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
(in INR crores)			
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	31,343.24	32,361.74
Capital work-in-progress	4(a)	20,342.16	17,196.28
Other intangible assets	4(b)	382.96	316.18
Intangible assets under development	4(b)	-	21.84
Financial assets			
(i) Other financial assets	5	6.90	6.88
Other non-current assets	6	94.16	93.92
Total non-current assets		52,169.43	49,996.84
Current assets			
Financial assets			
(i) Trade receivables	7	585.17	621.40
(ii) Cash and cash equivalents	8(a)	173.35	80.88
(iii) Bank balances other than (ii) above	8(b)	-	-
(iii) Other financial assets	9	117.91	381.40
Current tax assets	10	90.23	39.64
Other current assets	11	392.73	3.61
Total current assets		1,359.39	1,126.93
TOTAL ASSETS		53,528.82	51,123.77
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	5,748.07	5,748.07
Other equity	13.1 to 13.2	(8,906.70)	(8,099.22)
Total equity		(3,158.63)	(2,351.15)
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	27,214.95	25,292.01
(ii) Others	15	3,276.16	3,354.34
Provisions	16	7,518.39	7,339.25
Deferred tax liabilities	17	-	-
Other non-current liabilities	18	1,757.22	1,452.66
Total non-current liabilities		39,766.72	37,438.26
Current liabilities			
Financial liabilities			
(i) Borrowings	19	3,772.29	2,740.82
(ii) Trade payables	20	-	-
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.		703.11	384.56
(iii) Other financial liabilities	21	11,845.75	12,388.99
Provisions	22	446.40	419.39
Other current liabilities	23	153.17	102.90
Total current liabilities		16,920.73	16,036.66
TOTAL EQUITY AND LIABILITIES		53,528.82	51,123.77

See accompanying notes to the financial statements
As per our report of even date
For Ponraj & Co.
Chartered Accountants
Firm No. 002672S

G. Vivekananthan
Partner
Membership No. 021677
UDIN No: 24021677BKAMRM8825
Place: Chennai
Date: 13.03.2024

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

Vishu Mahajan
Vishu Mahajan, IAS
Joint Managing Director/Finance
DIN: 10267435

M. Ramachandran
Managing Director
DIN: 09744744

V. Rajeswari
Chief Financial Controller
Ind AS (A/C)

K. Sundaravadhanam
Director Finance
DIN: 10330377

D. Suresh Kumar
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2023

			(in INR crores)
	Note	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from operations	24	4,410.46	3,432.94
Other income	25	66.53	152.60
Total income		4,476.99	3,585.54
Expenses			
Employee benefits expense	26	1,436.36	1,209.99
Finance costs	27	1,700.34	1,418.42
Depreciation and amortization expense	28	1,428.21	1,579.08
Other expenses	29	439.84	33.55
Total expenses		5,004.76	4,241.04
Profit (loss) before tax		(527.77)	(655.50)
Tax expense:	30	-	-
Current tax		-	-
Deferred tax	41	(527.77)	(655.50)
Profit (loss) for the year			
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plan	32B	(279.34)	(647.38)
(b) Income tax relating to items that will not be reclassified to profit or loss (net)	41	-	-
Total other comprehensive income		(279.34)	(647.38)
Total comprehensive income for the year		(807.10)	(1,302.88)
Earnings per equity share	31		
Basic		(0.92)	(1.23)
Diluted		(0.92)	(1.23)

See accompanying notes to the financial statements
As per our report of even date
For Ponraj & Co.
Chartered Accountants
Firm No. 0026725

G. Vivekananthan
Partner

Membership No. 021677

UDIN No: 24021677BKAMRM8825

Place: Chennai

Date: 13.03.2024

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

Vishu Mahajan

Vishu Mahajan, IAS
Joint Managing Director/Finance
DIN: 10267435

M. Ramachandran

Managing Director
DIN: 09744744

V. Rajeswari

Chief Financial Controller
Ind AS (A/C)

K. Sundaravadhanam

Director Finance
DIN: 10330377

D. Suresh Kumar

Company Secretary

Statement of Cash Flows for the year ended 31 March 2023

	(in INR crores)	
	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities		
Net profit before tax	(527.77)	(655.50)
Adjustments for:		
Depreciation	1,428.21	1,579.08
Transfer of other reserves to retained earnings	-	-
Finance costs	1,700.34	1,418.42
Impairment loss on capital work in progress	-	155.50
Net loss on foreign currency translations	224.81	(45.76)
Gain on sale of property, plant and equipment	-	(1.43)
Operating profit before working capital changes	2,825.60	2,450.31
Changes in working capital		
Adjustments of (increase)/decrease in assets		
Trade receivables	36.23	(470.10)
Financial assets - current/non current	263.46	(323.39)
Other assets - current/non current	(439.94)	(38.02)
Adjustments of increase/(decrease) in liabilities		
Trade payables	318.55	365.66
Financial liabilities - current/non current	(621.42)	1,036.14
Provisions - current/ non current	(73.56)	(305.70)
Other liabilities - current/non current	354.83	200.70
Cash generated from operations	2,663.75	2,915.60
Income taxes paid (net)	-	-
Net cash generated from (used in) operating activities (A)	2,663.75	2,915.60
Cash flows from investing activities		
Additions to property, plant and equipment & intangible assets	(452.05)	(1,290.28)
Additions to capital work in progress and intangible assets under development	(3,148.49)	(3,163.76)
Proceeds from sale of property, plant and equipment	-	1.74
Net cash generated from (used in) investing activities (B)	(3,600.54)	(4,452.30)
Cash flow from financing activities		
Proceeds from issue of equity share capital	-	439.09
Proceeds (repayment) of long-term borrowings (net)	1,698.13	2,131.62
Proceeds (repayment) of short-term borrowings (net)	879.54	10.97
Finance costs	(1,548.41)	(1,388.72)
Net cash generated from (used in) financing activities (C)	1,029.26	1,192.96
Net increase (decrease) in cash and cash equivalents (A+B+C)	92.47	(343.74)
Cash and cash equivalents at the beginning of the year	80.88	424.62
Cash and cash equivalents at the end of the year	173.35	80.88
Reconciliation of cash and cash equivalents as per Statement of Cash Flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	171.98	79.20
Cash, cheques and drafts on hand	1.36	1.68
	173.35	80.88

See accompanying notes to the financial statements

As per our report of even date

For Ponraj & Co.

Chartered Accountants

Firm No. 0026725

G. Vivekananthan

Partner

Membership No. 021677

UDIN No: 24021677BKAMRM8825

Place: Chennai

Date: 13.03.2024

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

Vishu Mahajan

Vishu Mahajan, IAS

Joint Managing Director/Finance

DIN: 10267435

M. Ramachandran

Managing Director

DIN: 09744744

V. Rajeswari

Chief Financial Controller

Ind AS (A/C)

K. Sundaravadhanam

Director Finance

DIN: 10330377

D. Suresh Kumar
Company Secretary

Statement of Changes in Equity as at 31 March 2023

(in INR crores)

A. Equity share capital	No. of Shares	Amount
Balance as at 1 April 2021	5,30,89,83,478	5,308.98
Changes in equity share capital during the year	-	-
Add: Issued during the year	43,90,90,000	439.09
Balance as at 31 March 2022	5,74,80,73,478	5,748.07
Balance as at 1 April 2022	5,74,80,73,478	5,748.07
Changes in equity share capital during the year	-	-
Add: Issued during the year	-	-
Balance as at 31 March 2023	5,74,80,73,478	5,748.07

Other equity	Reserves and surplus	Total
Particulars	Retained earnings	
Balance as at 1 April 2021	-6,796.34	-6,796.34
Profit / (loss) for the year	-655.50	-655.50
Other comprehensive income:	-647.38	-647.38
Remeasurement gain / (loss) of defined benefit plans, net of tax	-	-
Transfer to retained earnings	-8,099.22	-8,099.22
Balance as at 31 March 2022	-8,099.22	-8,099.22
Balance as at 1 April 2022	-8,099.22	-8,099.22
Profit / (loss) for the year	-527.77	-527.77
Other comprehensive income:	-279.34	-279.34
Remeasurement gain / (loss) of defined benefit plans, net of tax	-	-
Transfer to retained earnings	-8,906.70	-8,906.70
Balance as at 31 March 2023	-8,906.70	-8,906.70

See accompanying notes to the financial statements
As per our report of even date
For Ponraj & Co.
Chartered Accountants
Firm No. 0026725

G. Vivekananthan
Partner

Membership No. 021677

UDIN No: 24021677BKAMRM8825

Place: Chennai

Date: 13.03.2024

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

Vishu Mahajan

Vishu Mahajan, IAS
Joint Managing Director/Finance
DIN: 1026/435

M. Ramachandran

Managing Director
DIN: 09744744

V. Rajeswari

V. Rajeswari
Chief Financial Controller
Ind AS (A/C)

K. Sundaravadhanam

K. Sundaravadhanam
Director Finance
DIN: 10330377

D. Suresh Kumar

Company Secretary

Notes to the financial statements for the year ended 31 March 2023

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

Reconciliation of carrying amount

Reconciliation of carrying amount											(in INR crores)
Particulars	Freehold land	Buildings, hydraulic works and other civil works	Plant and equipment and lines and cables	Vehicles	Furniture 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 2021	7,757.89	1,019.95	26,564.65	1.68	3.43	16.79	225.05	0.02	35,589.45	14,199.99	49,789.44
Additions during the year	-	8.46	1,007.24	0.67	1.00	2.84	82.45	0.00	1,102.66	3,151.79	4,254.45
Disposals/transfers during the year	(0.31)	-	-	-	-	-	-	-	(0.31)	-	(0.31)
Balance as at 31 March 2022	7,757.58	1,028.41	27,571.89	2.35	4.43	19.63	307.50	0.02	36,691.81	17,351.78	54,043.59
Balance as at 1 April 2022	7,757.58	1,028.41	27,571.90	2.35	4.40	19.62	307.56	0.02	36,691.85	17,351.53	54,043.38
Additions during the year	0.43	29.33	339.19	0.00	-	8.20	33.39	-	410.54	3,146.13	3,556.68
Disposals/transfers during the year	-	-	-	-	(0.00)	-	-	-	(0.00)	-	(0.00)
Balance as at 31 March 2023	7,758.01	1,057.74	27,911.09	2.36	4.40	27.82	340.96	0.02	37,102.39	20,497.66	57,600.06
Accumulated depreciation and impairment losses											
Balance as at 1 April 2021	-	97.04	2,803.81	0.56	0.79	4.29	-	-	2,906.49	-	2,906.49
Depreciation during the year	-	41.53	1,381.36	0.10	0.08	0.51	-	-	1,423.58	-	1,423.58
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-	155.50	155.50
Balance as at 31 March 2022	-	138.57	4,185.17	0.66	0.87	4.80	-	-	4,330.07	155.50	4,485.57
Balance as at 1 April 2022	-	138.59	4,185.18	0.63	0.89	4.82	-	-	4,330.11	155.50	4,485.61
Depreciation during the year	-	41.07	1,385.20	0.19	0.24	2.36	-	-	1,429.04	-	1,429.04
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	179.65	5,570.38	0.82	1.13	7.18	-	-	5,759.15	155.50	5,914.65
Carrying amount as at 31 March 2022	7,757.58	889.84	23,386.72	1.69	3.56	14.83	307.50	0.02	32,361.74	17,196.28	49,558.02
Carrying amount as at 31 March 2023	7,758.01	878.09	22,340.71	1.54	3.28	20.64	340.96	0.02	31,343.24	20,342.16	51,685.40

Notes:-

1. The Company is in the process of collating the information pertaining to CWIP ageing and CWIP completion schedule (whose completion is overdue or has exceeded its cost compared to its original plan) as required under the amended Schedule III of Companies Act, 2013 for FY 2021-22 and FY 2022-23.
2. There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
3. Title deeds of Land are held in the name of TANGEDCO, TANTRANSCO and TNEB Limited.

Notes to the financial statements as at 31 March 2023

(in INR crores)

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

Reconciliation of carrying amount

Particulars	Right of way*	Software**	Total	Intangible assets under development
Deemed cost (Gross carrying amount)				
Balance as at 1 April 2021	284.06	-	284.06	9.87
Additions during the year	32.12	-	32.12	11.97
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2022	316.18	-	316.18	21.84
Balance as at 1 April 2022	316.18	-	316.18	21.84
Additions/transfers* during the year	42.33	24.45	66.78	2.61
Disposals/transfers during the year	-	-	-	24.45
Balance as at 31 March 2023	358.51	24.45	382.96	-
Accumulated amortization and impairment losses				
Balance as at 1 April 2021	-	-	-	-
Additions during the year	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2022	-	-	-	-
Balance as at 1 April 2022	-	-	-	-
Amortization during the year	-	-	-	-
Impairment loss	-	-	-	-
Disposals/transfers during the year	-	-	-	-
Balance as at 31 March 2023	-	-	-	-
Carrying amount as at 31 March 2022	316.18	-	316.18	21.84
Carrying amount as at 31 March 2023	358.51	24.45	382.96	-

Intangible assets under development ageing schedule as at 31 March 2022

Intangible assets under development	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	11.97	9.87			21.84
Projects temporarily suspended					-

*Right of way assets are for an indefinite period, so no amortization provided on such Right of way assets

**As at 31 March 2023, the Company estimated that majority of the ERP process agreed as per the contract was available for business operations and the cost of ERP software can be reliably measured. Hence, the Company capitalised the ERP software earlier recognised as intangible asset under development.

The ERP software is commonly used by TANGEDCO and TANTRANSCO. All the invoices pertaining to license procurement and installation were raised in the name of TANGEDCO and the cost is apportioned based on the number of user which is 20.36% approximate.

5 Other non-current financial assets - At amortised cost

	31 March 2023	31 March 2022
Security and other deposits	6.90	6.88
	6.90	6.88

6 Other non-current assets

	31 March 2023	31 March 2022
Capital advances	94.16	93.92
	94.16	93.92

7 Trade receivables

	31 March 2023	31 March 2022
Trade receivables		
Unsecured, considered good	585.17	621.40
Credit impaired	-	-
Total trade receivables	585.17	621.40

The Company is in the process of collating all the relevant data required to be disclosed in its financials.

The Company's exposure to credit risk and loss allowance related to trade receivables are disclosed in note 36.

Trade receivables ageing schedule as at March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of receipt					Total
		Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables							
a) Considered good	-	392.70	-	36.82	153.76	1.89	585.17
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
(ii) Disputed Trade Receivables							
a) Considered good	-	-	-	-	-	-	-
b) Significant increase in credit risk	-	-	-	-	-	-	-
c) Credit Impaired	-	-	-	-	-	-	-
Total (i) + (ii)	-	392.70	-	36.82	153.76	1.89	585.17

Trade Receivables Ageing schedule as at March 31, 2022

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

8(a) Cash and cash equivalents

	31 March 2023	31 March 2022
Balances with banks		
Balance in current account	171.98	79.20
Balance in short term deposit (maturity less than 3 months at inception)	-	-
Cash, cheques and drafts on hand	1.36	1.68
	173.35	80.88

8(b) Bank balances other than cash and cash equivalents

	31 March 2023	31 March 2022
Balances with banks		
Balance in short term deposit (maturity more than 3 months at inception)	-	-
Earmarked balances with banks	-	-
	-	-

9 Other current financial assets

	31 March 2023	31 March 2022
Amount recoverable from employees	26.92	29.71
Sundry receivables	90.99	351.20
Unbilled revenue	0.01	0.49
	117.91	381.40

10 Current tax asset

	31 March 2023	31 March 2022
Advance tax	90.23	39.64
	90.23	39.64

11 Other current assets

	31 March 2023	31 March 2022
Balances with government authorities*	-	-
Advances to suppliers and contractors	0.11	0.49
Prepaid expenses	0.22	0.15
Inter-unit balances**	392.40	2.97
	392.73	3.61

* Balances with government authorities has been regrouped to Duties and taxes in Other current liabilities

**The interunit balances represents the unreconciled balances between the circles.

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

12 Equity Share capital

	31 March 2023	31 March 2022
Authorised		
10,000,000,000 shares (31 March 2022: 10,000,000,000) equity shares of Rs. 10 each	10,000.00	10,000.00
	10,000.00	10,000.00
Issued, subscribed and paid-up		
5,748,073,478 (31 March 2022: 5,308,983,478) equity shares	5,748.07	5,748.07
	5,748.07	5,748.07

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

	31 March 2023		31 March 2022	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	5,74,80,73,478	5,748.07	5,30,89,83,478	5,308.98
Shares issued for cash			43,90,90,000	439.09
At the end of the year	5,74,80,73,478	5,748.07	5,74,80,73,478	5,748.07

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 2023		31 March 2022	
	No. of shares*	Amount	No. of shares*	Amount
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited, holding company	5,74,80,23,478	5,748.02	5,74,80,23,478	5,748.02
	5,74,80,23,478	5,748.02	5,74,80,23,478	5,748.02

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

	31 March 2023		31 March 2022	
	No. of shares*	% held	No. of shares*	% held
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited	5,74,80,23,478	100.00%	5,74,80,23,478	100.00%
	5,74,80,23,478	100.00%	5,74,80,23,478	100.00%

e) Disclosure of Shareholding of Promoters

Promoter Name	31 March 2022			31 March 2023		
	No. of shares*	% held	% change	No. of shares*	% held	% change
TNEB Limited **	5,74,80,23,478	100.00%	0.00%	5,74,80,23,478	100.00%	-
	5,74,80,23,478	100.00%	0.00%	5,74,80,23,478	100.00%	-

*Shares details are in absolute numbers.

**Balance 50,000 shares representing 0.00001% of total shares are held by other promoters.

13.1 Other equity

	31 March 2023	31 March 2022
Share application money pending allotment		
Retained earnings	(8,906.32)	(8,099.22)
	(8,906.32)	(8,099.22)

13.2 Retained earnings

	31 March 2023	31 March 2022
Opening balance		
Add: Profit (loss) for the year	(8,099.22)	(6,796.34)
Add: Remeasurement gain / (loss) of defined benefit plans, net of tax	(527.77)	(655.50)
	(279.34)	(647.38)
Closing balance	(8,906.32)	(8,099.22)

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 2023

(in INR crores)

14 Non-current Financial liabilities - Borrowings - at amortised cost unless specified otherwise

	31 March 2023	31 March 2022
Term loan from bank		
Secured	23,087.82	21,495.88
Unsecured	4,127.13	3,796.13
	27,214.95	25,292.01

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

The Company is exposed to interest rate risk arising from floating rate borrowings linked to the benchmark rates. The company is in the process of collating the details related to sensitivity analysis for the interest rate movements and foreign

The Company's exposure to liquidity risks related to other financial liabilities is disclosed in note 36.

14A Details of terms and repayment schedule

Particulars	Interest rate	Tenor (in years)	Non Current		Current	
			31 March 2023	1 March 2022	31 March 2023	31 March 2022
Term loans						
Secured						
a. from banks						
Bank of Baroda	8 to 9.25%	10 Years	314.18	369.74	55.56	55.56
Canara Bank	(MCLR + 1.10%)	5 years	468.75	-	32.39	-
			782.93	369.74	87.95	55.56
b. from financial institutions						
Rural Electrification Corporation	9.32% to 11.50%	15 to 18 years	11,039.89	11,069.34	1,150.19	1,036.95
Power Finance Corporation	9.25% to 11.50%	15 to 18 years	9,360.14	8,769.44	726.19	696.48
National Bank for Agriculture and Rural D	10.75%	15 years	95.00	108.57	16.54	16.90
Housing and Urban Development Corpora	10.20%	15 years	103.48	213.94	112.27	146.17
Indian Renewable Energy Development A	8.5% to 9.5%	3 years	1,323.50	542.39	885.56	272.63
PTC India Financial Services	9.75% to 10%	15 years	382.88	422.47	39.58	25.00
			22,304.89	21,126.15	2,930.34	2,194.13
			23,087.82	21,495.89	3,018.28	2,249.68
Unsecured						
a. from Indian financial institutions						
Life Insurance Corporation of India	13.00%	15 years	-	16.63	17.08	43.30
			-	16.63	17.08	43.30
b. from foreign financial institutions*						
GoTN (JICA)	0.55%	30 years	1,834.37	1,850.56	338.83	123.67
GoTN (KfW)	1.63%	15 years	385.75	437.10	323.90	252.29
GoTN (ADB)	SOFR+0.50%	20 years	1,886.56	1,471.39	72.89	12.48
			4,106.68	3,759.05	735.63	388.44
c. from government						
Government of Tamil Nadu	0.00%	10 years	20.45	20.45	-	-
			20.45	20.45	-	-
d. Bonds	6.25% -11.50%		-	-	0.05	0.05
			-	-	0.05	0.05
			4,127.13	3,796.13	752.76	431.79

Repayment of loan to Government of Tamil Nadu*

1. The GoTN(JICA) loan in Japanese Yen accumulated along with interest for 2173.21 Cr as on 31st March 2023 on which Government of Tamil nadu started to repay as per the tenor and has already repaid to the extent of 174.38 Crores which is not yet paid by the company to Government of Tamil Nadu
2. The GoTN(KfW) loan in Euro accumulated along with interest for 709.65 Cr as on 31st March 2023 on which Government of Tamil nadu started to repay as per the tenor and has already repaid to the extent of 216.96 Crores which is not yet paid by the company to Government of Tamil Nadu
3. The GoTN(ADB) loan in USD accumulated along with interest for 1959.45 Cr as on 31st March 2023 on which tenor is not yet started for the repayment by Government of Tamil Nadu.

Note 1

As per Para 8 of Administrative sanction GO No.. 32 dt. 29.04.2015 and As per Para 12 of Administrative sanction GO No.. 34 dt.07.05.2015, The Government of India shall pass the loan to the TANTRANSCO through the State Government at the same terms and conditions of the loan agreement. Hence, the re-payment of Principal, and payment of Interest and other charges shall be borne by the TANTRANSCO and remitted into the State Government account as per the terms and conditions mentioned in the agreement*, to be executed between the State Government and TANTRANSCO."

*No such agreement has been entered between GoTN and TANTRANSCO mentioning the specific terms and conditions. Hence, the repayment and payment of interest etc. are accounted on back to back basis.

Note 2

As per Para 6 of Administrative sanction GO No. 90 dt.20.11.2019, The Government, after careful examination, accept the proposal of Chairman, Tamil Nadu Transmission Corporation Limited above and hereby accord:

(ii) Statutory approval to TANTRANSCO to obtain the proposed ADB loan on back to back basis through Government of Tamil Nadu for the said project."

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

NAME OF THE INSTITUTION	LOAN TENURE	RATE OF INTEREST	SECURITY
Bank Of Baroda	10 Years including moratorium of 1 year for the loan repayment	Floating - one year MCLR + 0.03%(SP) + 0.40%	Guarantee from GoTN and hypothecation of assets
Rural Electrification Corporation	18/15 Years including moratorium of 3 year for the loan repayment	9.32% to 11.5% with reset once in one year/three year	Hypothecation of project assets
Power Finance Corporation	15 years + construction period(moratorium period)	9.25% to 11.5% with reset once in one year/three year	Hypothecation of project assets
National Bank For Agriculture And Rural Development	15 Years including moratorium of 3 year for the loan repayment	Fixed - 10.75%	Guarantee from GoTN and hypothecation of assets
Housing And Urban Development Agency Limited	15 Years including moratorium of 1 year for the loan repayment	10.2% with reset once in three year	Hypothecation of unencumbered assets
Indian Renewable Energy Development Agency Limited	3/5 Years including moratorium of 6 Months for the loan repayment	Two Loans Fixed - 9.50% Three Loans floating Krepo rate + 450 bps	Hypothecation of unencumbered assets
Ptc India Financial Services	15 Years including moratorium of 3 year for the loan repayment	9.75% and 10% with reset once in one year	Hypothecation of unencumbered assets
Life Insurance Corporation Of India	15 Years including moratorium of 3 year for the loan repayment	Fixed - 13%	Guarantee from GoTN
Canara Bank	5 Years including moratorium of 1 year for the loan repayment	Floating - One year (MCLR + 1.10%)	Guarantee from GoTN and hypothecation of assets

*The company is in the process of collating the asset wise details for hypothecation of project assets

		(in INR crores)	
15 Non-current financial liabilities - others		31 March 2023	31 March 2022
Earnest money deposits and retention money		2,312.69	2,450.46
Payable to employees		963.47	903.88
		3,276.16	3,354.34
16 Provision - Non-current		31 March 2023	31 March 2022
Employee benefit provisions (refer note 32)		7,518.39	7,339.25
		7,518.39	7,339.25
17 Deferred tax liabilities		31 March 2023	31 March 2022
Deferred tax liabilities		-	-
		-	-
18 Other non-current liabilities		31 March 2023	31 March 2022
Deferred revenue on consumer contribution		986.11	783.91
Government grants*		771.10	668.75
		1,757.22	1,452.66
*The Company is in the process of collating the details of Assets commissioned, assets under construction and date of commissioning, etc. Pending completion, entire grant is exhibited under deferred revenue			
19 Current financial liabilities - Borrowings - at amortised cost unless specified otherwise		31 March 2023	31 March 2022
Loans repayable on demand			
(a) Cash credit from banks*		1.25	59.32
(b) Current maturity of long term borrowings**		3,771.04	2,681.50
		3,772.29	2,740.82
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 rate of interest spread as per sanction is 6 months MCLR + 2% and accordingly, the rate of interest as on 31 March 2023 is 10.05% p.a.			
**Current maturity of long term borrowings includes the following:			
		31 March 2023	31 March 2022
Interest accrued but not due on borrowings		352.70	233.03
Interest accrued and due on borrowings		120.32	83.06
Principal amount		3,298.02	2,361.41
		3,771.04	2,681.50
Refer Note 14A for loan wise details			
20 Trade payables		31 March 2023	31 March 2022
Total outstanding dues of micro enterprises and small enterprises ("MSME") (refer note 43)			
Total outstanding dues of creditors other than micro enterprises and small enterprises		703.11	384.56
		703.11	384.56
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 36.			
Of the above, trade payables to related parties are as below:			
		31 March 2023	31 March 2022
Trade payables to related parties		1.99	6.67
The Company is in the process of collating all the relevant data required to be disclosed in its financials.			
21 Other current financial liabilities		31 March 2023	31 March 2022
Payable to related parties		11,385.28	12,156.03
Employee benefits payable		460.47	232.96
		11,845.75	12,388.99
The Company's exposure to liquidity risks related to other financial liabilities is disclosed in note 36.			
22 Provision - Current		31 March 2023	31 March 2022
Provision for employee benefits		446.40	415.39
		446.40	415.39
Disclosures as per Ind AS 19, Employee benefits are provided in note 32.			
23 Other current liabilities		31 March 2023	31 March 2022
Inter unit balance		-	-
Duties and taxes*		23.81	(10.30)
Others		129.36	113.20
		153.17	102.90
* Balances with government authorities has been regrouped to Duties and taxes			

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

24 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
Transmission charges*	4,200.89	3,225.85
Scheduling and system operating charges and other operating income	209.57	207.09
	4,410.46	3,432.94

*Change in Tariff rate for Transmission charges revised prospectively wide TNERC Tariff order no.08 of 2022 in T.P. No.2 of 2022 dated 09.09.2022

Disclosures as per Ind AS 115, Revenue from Contracts with Customers are provided in note 42.

25 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Liquidated damages recovered	5.63	99.89
Net gain on foreign currency translations	-	-
Gain on sale of property, plant and equipment	-	1.43
Interest on staff loans and advances	0.38	1.04
Interest from banks	0.54	0.30
Income from sale of scrap	0.73	0.03
Other non-operating income	59.26	49.91
	66.53	152.60

26 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	1,008.68	923.09
Post employment benefits	566.90	314.18
Contribution to provident and other funds	81.57	80.65
Staff welfare expenses	1.83	1.73
Less: Employee benefit expenses capitalized*	(222.62)	(109.66)
	1,436.36	1,209.99
Other comprehensive income - Defined benefit plan	279.34	647.38
Net Employee Cost	1,715.70	1,857.37

*If the assets constructed by the operating circles, an overhead allocation of 25% of the CWIP amount (relating to employee cost at 23.5%, administration & general expenses at 1% and depreciation at 0.5%) is added to the asset i.e. (Employee benefit expense capitalized).

27 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expense	2,633.82	2,425.05
Processing and commitment charges	12.99	6.32
Less: Finance cost capitalized*	(946.47)	(1,012.95)
	1,700.34	1,418.42

*In respect of projects with single loan for single project, the actual quantum of interest amount proportionate upto the date of commissioning will be capitalized.

Whereas if multiple projects for single loan, then interest will be capitalized at weighted average rate of interest.

28 Depreciation and amortization expense

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment (Refer Note 4(a))*	1,428.21	1,423.58
Amortization of intangible assets	-	-
Provision for impairment loss on non-current assets (non-financial)	-	155.50
	1,428.21	1,579.08

*Depreciation of property, plant and equipment is presented net of depreciation capitalized for the year

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

29 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Repairs and maintenance:		
Plant & machinery	68.55	24.98
Buildings and civil works	67.91	0.78
Lines, cables and networks	1.86	1.38
Others	26.77	10.40
Travelling and conveyance expenses	13.96	18.10
Security charges	12.65	13.29
License and other fees	7.16	4.76
Legal and consulting charges expenses	5.25	1.30
Telephone and communication expenses	0.82	1.30
Insurance expenses	0.24	0.57
Rates and taxes	0.61	0.53
Freight	1.27	0.43
Printing and stationary expenses	0.22	0.34
Payment to Auditors (refer note (i) below)	0.53	0.30
Rent	0.21	0.12
Net loss on foreign currency translations*	224.81	(45.76)
Miscellaneous expenses	11.82	11.29
Less: Other expenses capitalized	(4.79)	(10.56)
	439.84	33.55

*Net gain/loss on foreign currency has been regrouped from Other Income to Other expenses

(i) Payment to Auditors

	Year ended 31 March 2023	Year ended 31 March 2022
As auditor:		
Statutory audit fees*	0.51	0.28
Tax audit fees	-	-
Reimbursement of expenses	0.02	0.02
	0.53	0.31

*In Audit fees an amount of 0.27Cr related to prior period expense for which no provision was created.

30 Tax expense

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax	-	-
Deferred tax (refer note 41)	-	-
	-	-

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

31 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 2023	Year ended 31 March 2022
Profit (loss) for the year, attributable to the equity holders	(527.77)	(655.50)

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

	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance	5,74,80,73,478	5,30,89,83,478
Effect of fresh issue of shares for cash	-	43,90,90,000
Closing balance of issued equity shares	5,74,80,73,478	5,74,80,73,478

Weighted average number of equity shares for the year	5,74,80,73,478	5,32,46,22,300
Basic and diluted earnings per share (In INR)	(0.92)	(1.23)

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

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

	Non-current		Current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Provision for gratuity	337.48	323.21	96.13	96.37
Provision for staff pension	6,853.43	6,625.70	246.84	203.17
Liability for compensated absences	327.49	390.33	102.11	119.22
Total employee benefit liabilities *	7,518.40	7,339.24	445.07	418.76

* Excludes liabilities pertaining to general provident fund, contributory pension scheme and other employee benefits scheme.

A Defined contribution plan

Employees who have joined the Company on or after 1 January 2004 are covered under contributory 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 23.35 crores (2021-22: INR 30.90 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." But as per Pension Rules applicable to the employees of TANTRANSO, if an employee retires after completing qualifying service of not less than thirty years, the pension shall be calculated at the rate of 50 percent of the average emoluments drawn during the last ten month of service or 50 per cent of pay last drawn, whichever is higher. In case of employee retiring before completing thirty years of qualifying service but after completing qualifying service of ten years, the pension shall be proportionate to the pension admissible for employee retiring after qualifying service of thirty years.

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 2023	Year ended 31 March 2022
Present value of obligation at the beginning of the year	6,828.57	6,223.67
Current service cost	53.50	51.31
Interest cost	438.91	374.25
Benefits paid	(487.16)	(422.23)
Actuarial (gains) losses on obligations - due to change in financial assumptions	(220.32)	(691.32)
Actuarial (gains) losses on obligations - due to experience	486.37	1,293.15
Present value of benefit obligation at the end of the year	7,100.27	6,828.87

b) Expenses recognized in the statement of profit or loss

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	53.60	51.31
Past service cost	-	-
Net interest cost on defined benefit liability / (asset)	438.91	374.25
Actuarial gains (losses) on settlement	-	-
Expenses recognized	492.51	425.57

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

	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gains) losses on obligation for the year	266.05	601.83
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	266.05	601.83

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 2023	Year ended 31 March 2022
Present value of obligation at the beginning of the year	419.53	374.50
Current service cost	11.25	11.44
Interest cost	29.23	25.23
Past service cost	-	(16.24)
Benefits paid	(39.77)	(20.90)
Actuarial (gains) losses on obligations - due to change in financial assumptions	(21.49)	(14.64)
Actuarial (gains) losses on obligations - due to experience	34.73	60.19
Present value of benefit obligation at the end of the year	433.53	419.58

Notes to the financial statements for the year ended 31 March 2023

32 Assets and liabilities relating to employee benefits (refer note 3(f)) (in INR crores)

b) Expenses recognized in the statement of profit or loss

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost		
Past Service cost	11.26	11.41
Net interest cost on defined benefit liability / (asset)	-	(16.24)
Actuarial gains (losses) on settlement	29.23	25.23
Expenses recognized	40.49	20.43

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

	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gains) losses on obligation for the year		
Change in asset ceiling	13.29	45.55
Net (income) expense for the year recognized in OCI	13.29	45.55

iii. Liability for compensated absences

Earned leave encashment: All employees are eligible to encash accrued leave any time during the service (1 time in a year). Employees can accrue a maximum of 240 days at a time as earned leave during their service
Unearned leave encashment: All employees are eligible for unearned leave for personal exigencies. Employees can accrue unearned leave to a maximum of 180 days and can encash unearned leave to maximum of 90 days

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

	Year ended 31 March 2023	Year ended 31 March 2022
Present value of obligation at the beginning of the year		
Current service cost	584.84	757.18
Interest cost	57.15	60.83
Past service cost	41.69	50.18
Benefits paid	-	-
Actuarial (gains) losses on obligations - due to change in financial assumptions	(29.03)	(11.84)
Actuarial (gains) losses on obligations - due to experience	(44.41)	(19.68)
Present value of benefit obligation at the end of the year	504.88	584.83

b) Expenses recognized in the statement of profit or loss

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost		
Past Service cost	57.15	60.83
Net interest cost on defined benefit liability / (asset)	-	-
Actuarial gains (losses) on settlement	41.69	50.18
Expenses recognized	(149.77)	(271.52)
	50.93	160.51

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.

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 2023		Year ended 31 March 2022	
	Gratuity	Pension	Gratuity	Pension
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Discount rate (per annum)	7.31%	7.52%	7.30%	7.50%
Rate of salary increase	3.00%	3.00%	5.00%	5.00%
Rate of employee turnover	1.00%	1.00%	1.00%	1.00%
Pension growth rate		4.00%	-	4.00%
Mortality rates*				

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 2023		Year ended 31 March 2022	
	Gratuity	Pension	Gratuity	Pension
Projected benefit obligation on current assumptions				
Delta effect of +1% change in discount rate	(22.20)	(526.92)	(20.81)	(505.93)
Delta effect of -1% change in discount rate	26.08	632.11	25.38	730.53
Delta effect of +1% change in rate of salary increase	12.90	113.76	13.20	120.88
Delta effect of -1% change in rate of salary increase	(10.37)	(100.61)	(13.26)	(110.40)
Delta effect of +1% change in rate of employee turnover	0.04	(108.59)	0.59	12.43
Delta effect of -1% change in rate of employee turnover	(0.09)	55.74	(0.62)	45.77

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

Financial Instruments Disclosures

33 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 2023 and 31 March 2022.

The capital structure is as follows:

Particulars	31 March 2023	31 March 2022
Total liabilities	56,687.45	53,474.92
Less: Cash and cash equivalents	173.35	80.88
Adjusted net debt (A)	56,514.10	53,394.04
Total equity (B)	(3,158.63)	(2,351.15)
Gearing ratio (A/B)	(17.89)	(22.71)

34 Financial instruments by category

Particulars	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Trade receivables			585.17	-	-	621.40
Cash and cash equivalents			173.35	-	-	80.88
Other financial asset			124.82	-	-	388.25
Total assets	-	-	883.34	-	-	1,090.56
Financial liabilities						
Borrowings			30,987.24	-	-	28,032.83
Trade payables			703.11	-	-	384.56
Other financial liabilities			15,121.91	-	-	15,743.33
Total liabilities	-	-	46,812.26	-	-	44,160.72

35 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.

36 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.

Notes to the financial statements for the year ended 31 March 2023

A Credit risk

(in INR crores)

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.

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 2023	31 March 2022
Financial assets for which loss allowance is measured using 12 months ECL		
Non-current financial assets		
(i) Other financial assets	6.90	6.88
Current financial assets		
(ii) Cash and cash equivalents	173.35	80.88
(iii) Other financial assets	117.91	381.40
	298.16	469.16
Financial assets for which loss allowance is measured using Life time ECL		
(i) Trade receivables	585.17	621.40
	585.17	621.40

Note: The Company has not acquired any credit impaired asset.

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 given in note 7.

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 Company is in the process of collating the ageing analysis of financial liabilities required to be disclosed in its financials.

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 2023		31 March 2022	
	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores
In USD	22.94	1886.56	19.24	1,471.39
In EURO	5.07	450.71	5.79	497.58
In JPY	3093.43	1947.31	3,071.89	1,932.83

The Company is in the process of collating the information relating to sensitivity analysis of foreign currency liabilities.

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 2023

(in INR crores)

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

The amount of exchange differences (net) resulting in loss is debited to the statement of profit and loss during the year is INR 224.81 crores (31 March 2022: gain credited to Statement of profit and loss is INR 45.76 crores).

38 Disclosure as per Ind AS 23 Borrowing Costs

Borrowing costs capitalized during the year is INR 946.47 crores (31 March 2022: INR 1012.95 crores).

39 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.

40 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 Close members

Chairman cum Managing Director

Thiru. Rajesh Lakhoni, I.A.S. - Chairman cum Managing Director (from 1 April 2022 to 31 March 2023)

Joint managing director

Vishu Mahajan - Joint Managing Director (3 July 2023 to Present)

Managing Director

Thiru. R.Ethiraj, B.E. - Managing Director (7th June 2022 to 28th September 2022)

Thiru. M.Ramachandran, Managing Director (28th September to 9th November 2022)

Thiru. R.Manivannan, Managing Director/Tantransco (1st November 2022 to 31st March 2023)

Director

Thiru. M.Sivalingarajan - Director/ Distribution (from 1 April 2022 to 31 March 2023)

Thiru. K.Sundaravadhanam, Director / Finance / Tangedco (from 1 April 2022 to 31 March 2023)

Thiru. U.B.Eleni - Director/Generation (from 1 April 2022 to 31st July 2022)

Thiru. D.Rajendran, Director/Generation (from 9th November 2022 to 31 March 2023)

Thiru. P.Baskar, Director, Transmission/Projects (from 9th November 2022 to 31 March 2023)

Thiru. R.Selvasekar, Director (Operation)/Tantransco (from 9th November 2022 to 31 March 2023)

Mrs. M.Maheswari Bai, B.com, ACMA - Director/Finance/Tantransco (from 1 April 2022 to 31 March 2023)

Mrs. V.Savitha, B.Sc, FCMA, MBA - Chief Financial Controller (from 12th May 2022 to 31 March 2023)

Mrs. V.Rajeswari, Chief Financial Controller/General/Tantransco (from 16th May 2022 to 31 March 2023)

Company Secretary

D. Suresh Kumar (1 April 2022 to 31 March 2023)

Notes to the financial statements for the year ended 31 March 2023

Entities under the control of the same government

(in INR crores)

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

- b. Transactions with key management personnel
i. Key management personnel compensation*

	Transaction value	
	Year ended 31 March 2023	Year ended 31 March 2022
Short-term employee benefits	0.98	1.10
Post-employment defined benefit	-	-
Other long term benefits	-	-
Termination benefits	-	-
Sitting fees	-	-
	0.98	1.10

*Does not include post employment benefits and other long term employee benefits based on actuarial valuation since the actuarial valuation is undertaken for the Company as a whole.

- c. Transactions with subsidiaries, associates and joint ventures*

Name of the related party	Nature of transaction by the Company	Year ended 31 March 2023	Year ended 31 March 2022
TNEB Limited	Reimbursement of expenses	2.86	1.52
	Recovery of expenses	0.02	0.02
	Sharing of holding company expense	1.34	0.82
Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)	Recovery of transmission charges	3,797.27	2,922.83
	Reimbursement of Pension Expenses	487.16	416.22
	Recovery of expenses	932.57	770.62
		5,221.23	4,112.04

- d. Transactions with the related parties under the control of the same government

Name of the related party	Nature of transaction by the Company	Year ended 31 March 2023	Year ended 31 March 2022
		-	-

- e. Outstanding balances including commitments with related parties are as follows

Name of the related party	Nature of relationship	31 March 2023	31 March 2022
Tamil Nadu Generation and Distribution Corporation Limited	Fellow Subsidiary	10,452.71	11,385.38
		10,452.71	11,385.38

*The Company is in the process of collating all the relevant data required to be disclosed in the financial statements as on 31 March 2023.

Notes to the financial statements for the year ended 31 March 2023

(in INR crores)

41 Income Tax

A Amounts recognized in the Statement Profit and Loss

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax		
Deferred tax expense/ (income)	(1,931.75)	(998.30)
Reversal of Deferred tax expense/ (income) (refer note B below)	1,931.75	998.30
Tax expense for the year	-	-

B Movement in deferred tax balances

	31 March 2023			
	Opening balance	Recognized in profit or loss*	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment and Intangible assets	4,940.58	(983.94)	-	3,956.64
	4,940.58	(983.94)	-	3,956.64
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(1.95)	(0.27)	-	(2.21)
Provision on employee benefits	(2,420.50)	(64.10)	-	(2,484.60)
Carry forward losses	(6,083.24)	(883.45)	-	(6,966.69)
	(8,505.69)	(947.81)	-	(9,453.51)
Net tax (asset)/ liabilities	(3,565.11)	(1,931.75)	-	(5,496.87)
	31 March 2022			
	Opening balance	Recognized in (profit)/ loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment and Intangible assets	4,630.86	309.72	-	4,940.58
	4,630.86	309.72	-	4,940.58
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	(2.65)	0.70	-	(1.95)
Provision on employee benefits	(2,271.38)	(149.12)	-	(2,420.50)
Carry forward losses and unabsorbed depreciation	(4,923.64)	(1,159.60)	-	(6,083.24)
	(7,197.67)	(1,308.02)	-	(8,505.69)
Net tax (asset)/ liabilities	(2,566.80)	(998.30)	-	(3,565.11)

*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.

42 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 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Transmission charges	4,183.18	3,225.85	17.71	-	4,200.89	3,225.85
Scheduling and system operating charges and other operating income	206.57	195.53	2.99	11.56	209.57	207.09
Total revenue from operations	4,389.76	3,421.38	20.70	11.56	4,410.46	3,432.94

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 2023		31 March 2022	
	Current	Non-current	Current	Non-current
Trade receivables	585.17	-	621.40	-
Unbilled revenue	0.01	-	0.49	-

43 Information in respect of micro and small enterprises as at 31 March 2023 as required by Schedule III of Companies Act, 2013 and Micro, Small and Medium Enterprises Development Act, 2006:

	31 March 2023	31 March 2022
Principal amount remaining unpaid	-	-
Interest due thereon	-	-
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	-	-

44 Corporate Social Responsibility Expenses (CSR)

As per Section 135 of The Companies Act, 2013, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. Since the Company incurred loss during the three immediate preceding financial years for FY 2021-22 and FY 2022-23, and no CSR expenditure was incurred by the Company for both the years.

Notes to the financial statements for the year ended 31 March 2023

45. Disclosure as per Ind AS 116 Leases (in INR crores)

(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.

(c) Short term leases and Leases of low value assets:

The Company has elected not to recognise right of use assets and lease liabilities for short term leases of office premises/branches that have a lease term of 12 months or less. The company does not have any leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

(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:

Lease Income	Year ended 31 March 2023	Year ended 31 March 2022
	0.20	0.12

46 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 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.

Information about geographical areas

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of customers and non-current assets have been based on the geographical location of the assets. Since the Company is in the business of transmission of power in Tamil Nadu, all revenue are domestic and all non-current assets are situated in India only.

47 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, 2020-21 and 2021-22 assessment is yet to be completed.

The GST Auditor appointed for the GST Audit for the FY 2018-19 have remarked his observation that the GST liability to the tune of 52.88 crores in relation to the Operation and Maintenance charges, Liquidated damages and other recoveries. As per the GOI circular, it has clarified that the GST on liquidated damages is not applicable. Out of the GST liability of Rs.52.88 crores, the GST liability in relation to the liquidated damages amounts to Rs.17.48 crores. The remaining GST liability of Rs.35.4 crores in relation to the Operation and Maintenance charges have been the subject matter of the DRC-01 notice which have been appealed in the Madras High Court, for which the final orders are awaited.

47A Additional regulatory information

1. Details of benami properties: There are no benami properties held by the Company as on date of financials. Hence the additional disclosure as specified in the said notification Companies Act 2013 is not applicable to the Company.
2. Willful Defaulter: As on date of financials or any of the previous years, the Company has not defaulted any of its loans paid to any banks or financial institutions.
3. Details of Crypto Currency or Virtual Currency: The Company has not traded or invested in crypto currency or virtual currency during the current financial year or any of the previous financial years.
4. Undisclosed Income: There is no undisclosed income in the company.
5. Wilful defaulter: Not declared as wilful defaulter by any bank or financial institution or other lender
6. Registration of charges or satisfaction with Registrar of Companies (ROC): Charges created with Registrar of Company towards hypothecation of Property, Plant & equipment, book debts against borrowings and overdraft facilities availed by the company. The details of such charges are reported in Note 14A.
7. Compliance with number of layers of companies: Clause (87) of Sections 2, Section 450 read with sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 and Section 2 Companies (Restriction on number of layers) Rules, 2017, Government Companies are exempt from requirements of disclosing the number of layers of its holding in subsidiaries. Hence the additional disclosure as specified in the notification no.GSR 207(e) dated 24th March 2021 to Companies Act 2013 is not applicable to the Company.
8. Title deeds: Title deeds of land are held in the name of TANGEDCO, TANTRANSCO and TNEB. The company is in the process of collating the title deeds details.
9. The company has not revalued its Property, plant & equipment, and its Intangible assets. Therefore disclosure relating to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered valuers and valuation) rules, 2013 does not arise.
10. Loans to promoters, directors, KMP's except as disclosed in Note 40 there are no loans or advances in the nature of loans granted to promoters, directors, KMP's and the related parties (As defined under Companies Act 2013) either severally or jointly with any other person

48 Relationship with Struck off Companies

The Company has not entered into any transaction with struck off companies.

49 Financial Ratios

S/No	Ratios	UOM	Numerator	Denominator	As at 31 March 2023 Numerator	As at 31 March 2023 Denominator	As at 31 March 2022 Numerator	As at 31 March 2022 Denominator	% of Variance	Reason for Variance in excess of 25%
1	Current ratio	in times	Current Assets	Current Liabilities	1359.39	1126.93	16920.73	15036.66	0.07	14%
2	Debt-equity ratio	in times	Total Borrowings (i.e. Non-current borrowings + Current borrowings)	Total Equity (Shareholder's fund)	30987.24	76017.83	(1138.63)	(2351.15)	(11.92)	-18%
3	Debt service coverage ratio	in times	Net Profit after Tax before OCI + Depreciation + Interest	Interest on debentures + Interest on term loans + Scheduled principal repayments of term loans and debentures (i.e. excluding prepayments and refinancing of debts) during the year	2600.79	2342.00	3899.19	3274.89	0.67	-7%
4	Return on equity	%	Net profit after tax (i.e. Preference dividend (if any))	Average networth (or) Equity shareholders fund	(527.77)	(655.50)	(3138.63)	(2351.15)	0.28	-40%
5	Inventory turnover ratio	No. of days	Net Sales	Average Inventory	-	-	0.00	0.00	NA	Not Applicable
6	Trade receivables turnover ratio	No. of days	Net credit sales	(Average Trade Receivables + Average unbilled revenue) * No of days in the reporting year/365	4410.46	3432.94	585.18	621.89	5.52	37%
7	Trade payables turnover ratio	No. of days	Net credit purchases	Average Trade payables * No of days in the reporting year/365	6553.57	4019.55	703.11	384.56	9.32	-11%
8	Net capital turnover ratio	in times	Net Sales	Average working capital (Current asset - Current liabilities, excluding current maturity of long term borrowings)	4410.46	3432.94	11789.05	12168.91	0.37	33%
9	Net profit ratio	%	Net profit after tax	Revenue from operations (or) Total sales	(527.77)	(655.50)	4410.46	3432.94	(0.19)	-37%
10	Return on capital employed	%	Profit before tax plus Interest on long term loans and debentures	Net worth + Total borrowings + Deferred Tax	1172.58	762.92	27828.61	25681.68	0.04	42%
11	Return on investment	%	Income from Investment	Cost of Investment	-	-	-	-	NA	Not Applicable

* Considering the nature of business, Inventory turnover ratio and Return on Investment ratio are not applicable.

50 The Company has neither advanced nor received any funds, guarantees, securities, etc. to or from an entity which shall be further invested or advanced on behalf of the ultimate beneficiaries.

51 Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021.

52 Legal case :- Appeal filed before Hon'ble APTEL against the Order of the Hon'ble TNERC in T.A No.1 of 2021 dated 29.06.2021 for waiver of Open Access Charges during the lock down period.

List of Appeals filed, is enclosed herewith.

S/No	DESCRIPTION
1	T.A. NO 1 OF 2021 Appeal Filed Before Hon'ble APTEL On 25.10.2021
2	T.A. NO 2 OF 2020 Appeal Filed Before Hon'ble APTEL On 05.06.2023
3	T.A. NO 2 OF 2021 Appeal Filed Before Hon'ble APTEL On 05.06.2023
4	T.A. NO 3 OF 2021 Appeal Filed Before Hon'ble APTEL On 02.06.2023
5	T.A. NO 4 OF 2021 Appeal Filed Before Hon'ble APTEL On 02.06.2023
6	T.A. NO 5 OF 2021 Appeal Filed Before Hon'ble APTEL On 02.06.2023
7	T.A. NO 6 OF 2021 Appeal Filed Before Hon'ble APTEL On 05.06.2023
1	W.P. NO.19733 OF 2021 Appeal Filed Before Hon'ble High Court Of Madras on 25.08.2023
2	W.P. NO.23486 OF 2021 Appeal Filed Before Hon'ble High Court Of Madras on 25.08.2023
3	W.P. NO.10500 OF 2021 Appeal Filed Before Hon'ble High Court Of Madras on 25.08.2023
4	W.P. NO.1199 OF 2022 Appeal Filed Before Hon'ble High Court Of Madras on 25.08.2023

БЛАЖЕННІЙ

Tamil Nadu Transmission Corporation Limited
Notes to the financial statements for the year ended 31 March 2023

1. Corporate information

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

The Company is a subsidiary of TNEB Limited, 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 and is engaged in the business of transmission of power in the state of Tamil Nadu. The Company has its registered office in NPKRR Maaligai (TNEB Office), 144, Anna Salai, Chennai 600 002.

2. Basis of preparation

a. Statement of compliance

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

These financial statements were approved for issue by the Board of Directors on 13.03.2024.

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d. Use of estimates and judgements

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

Judgements

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

- Note 3(a) - direct overheads attributable to property, plant, and equipment;
- 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.

Tamil Nadu Transmission Corporation Limited

Notes to the financial statements for the year ended 31 March 2023

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

Tamil Nadu Transmission Corporation Limited
Notes to the financial statements for the year ended 31 March 2023

- 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,

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Notes to the financial statements for the year ended 31 March 2023

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

On transition to Ind AS in FY 2020-21, the company has elected to fair value the major class of assets which includes land rights, buildings, civil works, plant and machinery and lines and cables existing as on the date of transition (1 April 2019) and consider it as the deemed cost of such PPE in accordance with Ind AS 101. For other asset categories which includes hydraulic works, furniture & fittings, office equipment and vehicles that were not fair valued has been taken at their Ind AS value as on 1 April 2019.

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.

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

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	Estimated useful 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

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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 equipment is determined as the difference between the sale proceeds and the carrying amount of the asset as at the date of de-recognition and is recognized in the Statement of Profit and Loss.

v. Capital work-in-progress

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.

vi. Preliminary project identification and feasibility study costs

Preliminary project development expenditure includes expenditure on feasibility and other studies, development expenditure, expenditure on exploration works, technical knowhow etc. These costs are capitalized only when an asset is acquired, and it is directly attributable to that asset. Preliminary expenses on account of new projects incurred prior

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to approval of feasibility report/techno economic clearance are charged to Statement of Profit and Loss. If the projects are abandoned with reference to Government orders or otherwise, such expenditure are charged to the Statement of Profit and Loss in the respective years.

b. Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Upon initial recognition, investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the use of a property changed from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

Any gain or loss on disposal of an investment property is recognized in the statement of profit and loss.

Rental income from investment property is recognized as other income on a straight-line basis over the term of the lease.

The fair value of the investment is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

c. 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.

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

The ERP software is jointly maintained and used by TANGEDCO and TANTRANSCO. Amount incurred for procurement and installation have been apportioned between TANGEDCO and TANTRANSCO at 79.64% and 20.36% respectively (which is based on the number of users).

Right of ways with indefinite useful lives are not amortised but are subject to impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Any subsequent expenditure relating to ERP software will be apportioned between TANGEDCO and TANTRANSCO based on the number of users.

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. Impairment

An impairment loss is recognized in the statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future

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Notes to the financial statements for the year ended 31 March 2023

cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

v. 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.

A summary of amortisation policies applied to the Company's Intangible Assets is as follows:

Type of Assets	Estimated useful life	Amortization method
ERP Software	Over a period of 6 years	Straight line method
Right of Way	Indefinite	NA

d. Financial instruments

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

i. Financial assets

Initial recognition and measurement

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

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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 EIR method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. 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.

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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.

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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:

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Notes to the financial statements for the year ended 31 March 2023

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.

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

Similarly, interest bearing borrowings are subsequently measured at amortised cost using EIR.

Financial liabilities at fair value through profit or loss

Financial liabilities at 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.

The Company has not designated any financial liability at FVTPL.

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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.

e. Impairment

f. Impairment of 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. 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

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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.

i. 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

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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.

g. Employee benefits

In terms of the Tamil Nadu Electricity(Re-organization and Reforms) Transfer Scheme, 2010, all the employees of TNEB were transferred to TANGEDCO and subsequently some employees were deputed to the company's fellow subsidiary i.e, Tamil Nadu Generation and Distribution Corporation Limited ("TANGEDCO"). Based on the company's policy, the company recognises around 1/7th of the long term and post-employment benefit cost arrived based on available actuarial valuation report as its share of long term employment and post-employment 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 are recognized 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.

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

h. 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 comprises of estimate and reconnection charges, meter rent, testing and application fees,

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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 power and collects system operation charges from them. These scheduling charges are recognised as income on accrual basis.

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

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.

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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 not consider 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.

i. Leases

Effective 1 April 2019, the Company adopted Ind AS 116, *Leases* and applied to all lease contracts existing on 1 April 2019 using the modified retrospective method on the date of initial application. Pursuant to adoption of Ind AS 116, the 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 lease liability adjusted for any

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lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the 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 rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

As lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease 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.

j. Government grants

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

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over the useful life of the asset, i.e., such amounts are allocated to income over the periods.

k. Foreign currency transactions

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

The foreign exchange transactions undertaken by the Company include 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 they arise.

l. 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.

m. 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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income 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 Ind AS. In other cases, the changes in accounting policy are done retrospectively; the application of such change is limited to the earliest period practicable.

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 AS 10, *Events after the reporting period*.

q. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below.

i. Ind AS 16 – Property, Plant and Equipment (PPE)

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing while preparing the asset for its intended use (if any), shall not be recognise in the profit or loss but deducted from the directly attributable cost considered as part of cost of an item PPE. The Company has evaluated the amendment and there is no impact in recognition of its property, plant and equipment on its standalone financial statements.

ii. Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

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

iii. Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.