TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

12th ANNUAL REPORT 2020-21 (Revised)

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

INDEX

Financial Year 2020-21

REPORT OF THE BOARD OF DIRECTORS

To

Dear Members,

Your Directors are pleased to present the 12th Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial year ended on 31st March, 2021 (Revised).

1. Formation of TANGEDCO:

The company Tamilnadu Generation and Distribution Corporation Ltd (TANGEDCO) was formed with restructuring of erstwhile Tamilnadu Electricity Board, and as a subsidiary of TNEB Limited which is a State Government company. Tamilnadu Transmission Corporation Limited (TANTRANSCO) is another subsidiary of TNEB Limited. The assets and the liabilities and employees are provisionally transferred to the successor entities vide G.O. (Ms) No.100 Energy (B2) Department, dated 19.10.2010 and the company started functioning independently since 01.11.2010 onwards.

Subsequently, the Government of Tamil Nadu vide G.O.Ms.No.49 Energy (B1) Department, dated 13.08.2015, has issued orders for final transfer of assets and liabilities to successor entities of erstwhile Tamil Nadu Electricity Board as on 01.11.2010. The draft tripartite agreement for Employees transfer has already been submitted to Government and it is under active consideration of the State Government. GoTN has also been addressed for further extension of time period upto 30.04.2022 for the final notification of transfer of personnel.

2. Revision of Accounts for FY 2020-21 :

The Board of TANGEDCO in its 106th Board Meeting dt.19.03.2022 resolved to implement IND AS provisions from the FY 2020-21 onwards with transition date of 1.4.2019. Though most of the tasks under IND AS has been completed for the financials of TANGEDCO for FY 2020-21, the financials was finalized only under I-GAAP framework without complying IND AS provisions, in order to adhere the timeline fixed for completion of Discom's Annual accounts, in order to avail the financial assistance by GoTN through GOI scheme as a percentage on the GSDP as per F.No.40(02)/PF-S/2020-21 dated 09.06.2021.

Under the financial assistance scheme to the State Govt based on GSDP, one of the entry level conditions is to publish the annual accounts of DISCOM before 31st Dec, 2021. Therefore, TANGEDCO had to publish their Annual Accounts before Dec'21 to avail Additional borrowings by GoTN. The management after careful consideration, decided to proceed with existing Indian Generally Accepted Principles (IGAAP) under the Companies Act, 2013, for finalizing the annual Accounts 2020-21, with an option to avail Voluntary Revision of accounts u/s 131 of the Companies Act, 2013, duly filing petition before Hon'ble NCLT.

Based on the directions of Board in order to comply with IND AS provisions in the annual accounts of FY 2020-21, a petition seeking permission for voluntary revision of accounts of TANGEDCO for FY 2020-21 has been filed before Hon'ble NCLT (CP/77(CHE)/2022) with respondents MCA, Regional Director / ROC, Chennai, Four Firms of Statutory Auditors and notice to the IT department as per the NCLT Rules. All the respondents have filed their affidavit indicating no objection for revision of accounts by TANGEDCO, as it is for compliance of IND AS provisions. After several rounds of hearings, Hon'ble NCLT has issued order in CP/77/(CHE)/2022 allowing TANGEDCO to revise the annual accounts vide its order dt.12.01.2023. Accordingly the Revised 12th Annual Report of TANGEDCO i.e. Annual statement of Accounts for the period from 1.04.2020 to 31.03.2021 has been compiled based on accounting framework prescribed under Companies Act 2013, read with Companies (Indian Accounting Standards) Rules, 2015.

3. Summarized financial results:

The summarized financial results of the company for the Revised Financial year ended on 31st march 2021 are given below,

Balance Sheet **(Rs.in crore)**

Particulars	2020-21	2019-20
Assets		
Non-Current Assets	96,890.76	92,617.07
Current Assets	34,129.74	28,178.30
Total Assets	1,31,020.50	1,20,795.37
Equity and Liabilities		
Equity Share Capital	20,057.87	20,057.87
Other Equity	(1,33,657.80)	(1,25,475.33)
Liabilities		
Non-Current Liabilities	1,46,644.49	1,32,692.51
Current Liabilities	97,975.94	93,520.32
Total Equity and Liabilities	1,31,020.50	1,20,795.37

Profit & Loss Account **(Rs.in crore)**

Particulars	2020-21	2019-20
Income		
Revenue from operations	48,909.06	49,002.82
Other income	5,658.61	5,404.86
Total income	**54,567.67**	**54,407.68**
Expenses		
Cost of power purchase	34,178.40	33,972.01
Cost of power generation	5,565.98	8,525.94
Employee benefit expenses	7,388.74	5,584.15
Finance costs	10,942.69	8,922.83
Depreciation and amortization expenses	3,876.92	3,792.31
Other expenses	1,073.46	977.80
Total expenses	**63,026.19**	**61,775.04**
Profit (loss) before tax	**(8,458.52)**	**(7,367.36)**
Tax expense:		
Current tax		
Deferred tax		
Profit (loss) for the year	**(8,458.52)**	**(7,367.36)**
Other comprehensive income		
Items not reclassified to profit or loss		
Remeasurement of defined benefit plan		
Income tax relating to items that will not be reclassified to profit or loss (net)	275.57	(6,187.97)
Total other comprehensive income for the year	**275.57**	**(6,187.97)**
Total comprehensive income for the year	**(8,182.95)**	**(13,555.33)**
Earnings per equity share		
Basic	(4.22)	(3.71)
Diluted	(4.22)	(3.71)

4. Share Capital

The Authorised share capital of the Company as on 31.03.2021 was Rs.25,000 Crores (2500 Crores Equity Shares of Rs.10 each). The paid up share capital of the Company is Rs. 20,057.82 Crores as on 31.03.2021 which is held by the holding company TNEB LTD, GOTN nominee and directors of your company. During the year 2020-21, share capital from Govt. Of Tamil Nadu is NIL.

4. Shareholding Pattern as on 31.03.2021:

(Amount in Rs)

Sl. No.	Name	No. of Shares Held	Book Value (Rs. 10 per Share)
1	TNEB Limited (Holding Company)	20057822273	200578222730
2	Mr. S. Krishnan, IAS., Principal Secretary to Government (Finance Department)	49940	499400
3	Mr.Pankaj Kumar Bansal, IAS., Chairman cum Managing Director	10	100
4	Mrs. M.A.Helen, Director/Distribution	10	100
5	Mr.R.Ethiraj, Director/Generation	10	100
6	Mrs. A.Ashok kumar, Director/Projects.	10	100
7	Mr.K.Sundaravadhanam Director/Finance	10	100
8	Mr. S. Shanmugam, Managing Director/TANTRANSCO	10	100
	Total	**20057872273**	**200578722730**

6. Company's Affairs:

(A) Physical Parameters :

(1) Generation Review:

TANGEDCO generates power using 3 basic fuels which can be grouped into Thermal (Coal), Hydel (Water), Gas generation and also uses non-conventional energy source of wind for generation of power.

(i) Thermal Stations:

There are five numbers of coal based Thermal Power Stations owned by TANGEDCO in Tamil Nadu viz. Tuticorin Thermal Power Station, Mettur Thermal Power Station-I, Mettur Thermal Power Station-II, North Chennai Thermal Power Station-I and North Chennai Power Station-II. Out of which, sea water is being utilized for Condenser cooling in the coastal based Thermal Stations such as Tuticorin T.P.S, North Chennai T.P.S-I & II whereas River water is being utilized in Mettur T.P.S-I & II which is the only inland Thermal Power Station of TANGEDCO. Coal is the primary fuel and the secondary fuels viz., High Speed Diesel (HSD) and Heavy Furnace Oil (HFO) are being used in all these Thermal Stations.

Parameter	TTPS	MTPS-I	NCTPS-I	MTPS-II	NCTPS-II	Total
Installed Capacity (in MW)	1050 (5*210)	840 (4*210)	630 (3*210)	600 (1*600)	1200 (2*600)	4320
Actual Generation (in Million Units) - 2020-21	4132.38	3544.08	2805.20	1418.37	3653.49	15553.52
Plant Load Factor (PLF)	44.93%	48.16%	50.83%	26.99%	34.76%	41.10%

(ii) Gas Stations

There are four Gas Turbine Power stations in TANGEDCO viz., Thirumakottai KGTPS, Kuttalam GTPS, Valuthur GTPS and Basin Bridge GTPS. Except Basin Bridge station, in all other stations, Natural Gas supplied by M/s GAIL is being used. In Basin Bridge station, Naphtha is being used as main fuel and HSD for starting fuel.

Parameter	TGTPS	KGTPS	VGTPS (Phase I & II)	BBGTPS	Total
Installed Capacity (in MW)	107.88	101	I: 95 II: 92	120 (4*30MW)	516.08
Actual Generation (in Million Units)-2020-21	214.35	489.91	I:478.34 II:539.82	Nil #	1722.43

As per the instructions of LD centre, the plant is being operated on generation mode.

(iii) Hydro Stations

There are 76 dams and weirs in TANGEDCO spreading across the western Ghats in Nilgiris and Anaimalai hills and the southern parts of Tamilnadu. This includes the existing 9 Nos. barrages in the Cauvery Basin. The above dams have been constructed and maintained by TANGEDCO.

As on 31.03.2021, 47 hydro Power Stations having 107 machines with an installed capacity of 2321.9 MW spread over in Erode, Kundah, Kadamparai and Tirunelveli Generation Circles of Hydro wing are operated for generation of Hydro power for TANGEDCO.

Parameter	Erode	Kundah	Kadamparai	Tirunelveli	Total
Installed capacity (in MW)	503.50	833.65	609.45	375.30	2321.90
Actual Generation (in Million Units) 2020-21	1039.85	2231.65	921.34	1193.75	5386.59

(iv) Wind Energy Generators

TANGEDCO had 17 MW of wind generation capacity on its own account. Due to wear and tear most of the wind mills were dismantled permanently. And only 6.2 M.W wind energy generators are in running condition.

(2) Distribution Review:

The physical achievements in respect of Distribution Operators during the financial year ended on 31st March, 2021 are as follows;

1. Consumers served as on 31.03.2021 is 316.28 Lakhs.(LT Consumers)
2. The total number of HT service effected during the financial year 20-21 is 675 Nos and the LT service effected during the financial year is 9.64 lakhs.
3. Length of lines of EHT 0.36 Lakh circuit kilometers & HT 1.86 Lakh kilometers and LT Lines 6.43 Lakh kilometers.
4. Distribution transformers installed 3,48,030 nos.
5. Capacity of Distribution Transformers installed 45,209 MVA
6. Total number of Substation erected 1828 nos

TANTRANSCO Network - 1,053 Nos
PGCIL Network (CTU) - 16 Nos
TANGEDCO Network - 759 Nos

7. Solar Panels installed 2153 Kw in office rooftop.

(3) Projects Review:

There are various ongoing and upcoming projects at state, central sectors and at joint venture for augmentation of capacity of power generation in Tamil Nadu.

(i) Ongoing Projects:

Sl. No	Name of the Project	Sector	Capacity (in MW)	Project Awarded Details (Rs. in Crores)	Expected date of commissioning
1	NCTPS Stage – III	State	1x 800	BTG M/s. BHEL Cost: Rs. 2942.43 Crores BOP M/s.BGRESL Cost: Rs. 2759.89 Crores FGD M/s. BHEL 615 Crores	Physical Progress: 93.80% Financial Progress: 84% The long pending cooling water pipe rectification has been completed during 12/2022. This Project is expected to be commissioned in during 2023-24.
2	Ennore SEZ Thermal Power Project	State	2x 660	M/s.BHEL 7814 Crores	Physical Progress: 63.95% Financial Progress:64.37% This Project is expected to be commissioned in during 2024-25.
3	ETPS Expansion Project	State	1x 660	M/s.BGRESL 4442.75 Crores	i. M/s.BGRESL has taken over the project site from "as is where is basis condition" on 23.06.2022. ii.LOI issued to M/s. Development Consultant Private Limited, Kolkata, on 30.07.2022 for Project Management Consultancy Services contract. iii. M/s.BGRESL is submittingdrawings/documents related to BOP, Electrical and C&I for review and approval.
4	Uppur Thermal Power Project	State	2x 800	BTG M/s.BHEL 5852 BOP short closed SWIS M/s. L&T 1067.66	The Project put on hold from 18.03.2021. As instructed by Board of TANGEDCO, the viability and feasibility of this project was studied by Sri. Aravind Subramaniam the Economic Advisory Committee to Honourable CM. Report is awaited.
5	Udangudi Thermal Power Project I	State	2x 660	EPC M/s. BHEL 7849 Coal Jetty M/s. ITD Cementation 1902	Physical Progress: 73.20% Financial Progress: 62.70% This Project is expected to be commissioned in during 2024-25.

Sl. No	Name of the Project	Sector	Capacity (in MW)	Project Awarded Details (Rs. in Crores)	Expected date of commissioning
6	Kundah Pumped Stage Storage Hydro electric Project	State	4x 125	Civil Patel Engg. E&M Megha Engg 2444.48	Physical Progress: 46% Financial Progress: 43.80% This Project is expected to be commissioned in during 2024-25
7.	Kollimalai HEP	State	1 x 20	K.Rajagopalan & Co 307.19	Physical Progress: 54.10% Financial Progress: 53.38% This Project is expected to be commissioned in during 2024-25.
8.	VOC Port	State	---	M/s.CREW 325	This Project is commissioned on 31.01.2023 by Honourable CM.

(ii). New Projects:

Sl. No.	Name of the Project	Sector	Capacity (in MW)	Expected date of commissioning
1	Udangudi Thermal Power Project II	State	2x 660	GoTN accorded approval for the establishment of Stage II & III of each 2X660 MW. Subsequently GoTN vide GO (Ms) 11 dt 23.02.22 accorded Administrative sanction for acquisition of 1500 Acres of land. The preliminary activities are under process to get Terms of reference from Ministry of Environment, Forest and Climate Change (MoEF&CC).
2	Udangudi Thermal Power Project III	State	2x 660	
3	Sillahalla Pumped Storage Hydro Electric Project Stage I (4x250 MW)	State	Stage –I 1000	Sillahalla Stage I: 1000MW: • All boreholes in project components completed. • Goodman Jack test in Upper Dam & Hydro fracture test in Power House location carried out. • Draft DPR prepared. Compliance of comments is being attended by the Consultant. • Preparatory works for execution of Drift tunnel at Lower Dam site are being carried out. • Three season data collection completed and EIA Report is under preparation. • Preparation of DPR works 80% completed.

Sl. No.	Name of the Project	Sector	Capacity (in MW)	Expected date of commissioning
	Sillahalla Pumped Storage Hydro Electric Project Stage II (4x250 MW)		Stage II 1000	Sillahalla Stage-II: 1000MW: • Pre-Feasibility Report completed. • Action to be taken for Engaging Transaction Advisor for preparation of Bid documents for development activities under Public Private Partnership (PP) • Timeline will be finalized on award of work under PPP mode.
4	Kodayar Pumped storage HEP (500MW)	State	500	• Consultancy work towards Advisory support for preparation of bid documents under PPP mode has been awarded to E&Y on 13.03.23. • Work is under progress.
5	Manalar Pumped storage HEP (500MW)	State	500	• Consultancy work towards Advisory support for preparation of bid documents under PPP mode has been awarded to E&Y on 13.03.23. • Work is under progress.
6	11 Nos. Pumped Storage Hydro Electric Projects at various districts based on feasibility. i. Upper Bhavani PSHEP (1,000 MW)/ Nilgiris District. ii. Vellimalai PSHEP (500 MW) in Kanyakumari District iii. Aliyar PSHEP (1,000 MW) in Coimbatore District iv. Sandy Nalla PSHEP (1,000 MW) in Nilgiris District. v. Mettur PSHEP (500 MW) in Salem District. vi. Palar–Poranthalar PSHEP (1,000 MW) in Dindigul District.	State	7500	Pre-feasibility Reports for the 11 Nos projects have been completed. The capacity of these projects as per the PFR are as follows. i) Upper Bhavani PSHEP (1,000 MW) ii) Sandy Nalla PSHEP (1,200 MW) iii) Sigur PSHEP (800 MW) iv) Vellimalai PSHEP (1100 MW) in Kanyakumari District v) Karaiyar PSHEP (1000 MW) in Tirunelveli District vi) Chattar PSHEP (1100 MW) in Kanyakumari District vii) Aliyar PSHEP (700MW) / Coimbatore District viii) Palar - Porathalar PSHEP (1100MW) / Dindigul District ix) Athur PSHEP (300MW)/ Dindigul District x) Manjalar PSHEP (500MW)/ Theni District

Sl. No.	Name of the Project	Sector	Capacity (in MW)	Expected date of commissioning
	vii. Karaiyar PSHEP (500 MW) in Tirunelveli District viii. Manjalar PSHEP (500 MW) in Theni District ix. Chattar PSHEP (500 MW) in Kanyakumari District x. Sigur PSHEP (500 MW) in Nilgiris District xi. Athur PSHEP (500 MW) in Dindigul District			xi) Mettur PSHEP (1000MW)/ Salem District For Aliyar Pumped Storage Hydro Electric Project (4x175 MW): Consultancy work towards Advisory support for preparation of bid documents under PPP mode has been awarded to E&Y on 13.03.23. TANGEDCO Board has approved for allocation of Upper Bhavani PSHEP, Sandy Nalla PSHEP and Sigur PSHEP to NTPC. GOTN is being addressed for final orders. For other projects, Action to be taken for Engaging Transaction Advisor for preparation of Bid documents for development activities under Public Private Partnership (PPP)
7.	Dust screen system in North Chennai Thermal Power Project Stage – III.	State	At NCTPS-III. In between NCTPS-I & III	Work completed and Commissioned on 13.01.2023.

Details of Subsidiaries/Joint ventures /Associates Companies:

Udangudi Power Corporation limited (U.P.C.L) is a Joint venture company formed between TNEB & BHEL. But BHEL has withdrawn the joint venture for want of long term coal linkage on 26.03.2013 and TANGEDCO has purchased the shares of BHEL at the negotiated price of Rs.64.00 Crores. The process of amalgamation of UPCL with TANGEDCO is under process.

iii) Co-Gen Projects:

TANGEDCO is also establishing co-generating projects in 12 co-operative and public sector sugar mills at a cost of Rs.1241.15 Crores for a total capacity of 183 MW. The detail of Project and the date of synchronised with grid are as follows:

Sl. No.	Name of the Project	Date of Commissioning
1	Chengalvarayan Sugar Mills, Villupuram District	17.02.2016
2	Vellore Co-Gen Project, Vellore District	19.01.2017
3	Cheyyar co-gen plant, Thiruvannamalai District	31.10.2017
4	Arignar Anna, Tanjore District	04.09.2018
5	Perambalur, Perambalur District	18.02.2019

Two more projects viz Dharmapuri District and Kallakurichi-II, Villupuram District are expected to be commissioned during 2021-22.

(B) Information on Business:

i. Change in the nature of business, if any:

During the Financial year 2020-21, there is no change in the nature of business of the Company.

ii. Material changes and commitments:

There is no such material change and commitment affecting the financial position of the company which has occurred between the end of the financial year of the company to which the financial statement relate and the date of the report.

iii. Significant and material orders passed by the Regulators or courts or tribunals:

During the financial year 2020-21, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

(c) Human Resources Development:

1. Actuarial valuation on employee benefits:

On transition to Ind AS, the long term and retirement benefit obligation have been recognized using available actuarial valuation report, undertaken by an independent actuary. While the requirement to ascertain and record long term and post-retirement benefits using an actuarial valuation is required under the previous GAAP, TANGEDCO is recording the same for the first time along with its transition to Ind AS.

The current liability arrived is to be shared between TANGEDCO and TANTRANSCO in 6/7th & 1/7th ratio, considering the share of common expenditure being allocated between the two companies conventionally, based on the employee strength as at 01.11.2010. As the financials of TANTRANSCO under IND AS has been adopted, for the first time for FY 2020-21 during the AGM on 19.03.2022, actuarial liability of Rs.7280.07 Crores has been taken in TANTRANSCO financials as per the draft Actuarial Valuation Report then available. Now the final Actuarial Valuation Report has been furnished by the consultant on 10.03.2023. The abstract is as below.

Break up	2018-19	2019-20	2020-21
	Rs. in Crores		
Total liability of TANGEDCO and TANTRANSCO as per Actuarial Report dt.10.03.2023	41,382.40	46,500.53	46,269.34
Liability adopted by TANTRANSCO	5,682.04	6,885.63	7,280.07
Liability adopted in TANGEDCO's account	35,700.36	39,614.90	38,989.27

2. The company is a Government Company having its own service rules and regulations, which, inter-alia, regulates the recruitments and promotions. System of Annual Performance Appraisal Report (PAR) exists for appraisal of the performance of employees of the Company including Senior Management. Departmental Promotional Committees (DPCs) exists for considering promotion at every level of organisation. Employees are also given opportunity for obtaining transfers to their willing office under Request Transfer Scheme. Employees are also transferred on rotational basis for the purpose of Enrichment of knowledge and work expertise.

i. Recruitment:

The recruitment on different posts in various cadre are being done every year in TANGEDCO as per rules through Direct Recruitment and on compassionate grounds.

During the financial year 2020-21, TANGEDCO has accorded the approval to recruit various posts as follows.

Sl. No.	Description	Posts	Process Involved	Status
1	Assistant Engineer/ Electrical	400	Notification No.02/2020 dated 08.01.2020 was issued. Opened from 24.01.2020 to 24.02.2020. After amendment, Revised Notification No.4/2020 dt.15.02.2020 was issued. Opened from 15.02.2020 to 16.03.2020.	Computer Based Test (CBT) which was scheduled to be conducted during April – May was postponed due to surge in COVID cases and notification was issued stating that the tentative exam dates will be intimated later.
	Assistant Engineer/ Mechanical	125		
	Assistant Engineer/ Civil	75		
2	Assessor	1300	Notification No.1/2020 dt:08.01.2020 Opened from 10.01.2020 to 10.02.2020. Extended from 09.03.2020 to 23.03.2020.	Action to conduct CBT is under process.
3	Junior Assistant/ Accounts	500	Notification No.3/2020 dt:08.01.2020 Opened from 10.02.2020 to 09.03.2020. Extended from 09.03.2020 to 23.03.2020.	Computer Based Test (CBT) which was tentatively scheduled to be conducted during May was postponed due to surge in COVID cases and notification was issued stating that the tentative exam dates will be intimated later.
4	Field Assistant (Trainee)	2900	Notification No.5/2020. dt:19.03.2020 Opened from 15.02.2021 to 16.03.2021.	The Physical Test which was scheduled to be conducted during April 2021 has been postponed due to surge in Covid cases and notification was issued stating that the tentative exam dates will be intimated later.

Sl. No.	Description	Posts	Process Involved	Status
5	Assistant Accounts Officer	18	Notification No.01/2021. dt:15.02.2021 Opened from 15.02.2021 to 16.03.2021.	Action to conduct CBT is under process.
6.	Gang man (Trainee)	10000	Notification No.01/2019 dt:07.03.2019 Opened from 24.04.2019 to 17.06.2019	Notification No.01/2019 dated: 07.03.2019 was issued for Direct Recruitment of 5000 posts of Gangman (Trainee). Further, as per the announcement of Hon'ble Minister, the number of vacancies were increased from 5,000 to 10,000. After the selection process, the appointment orders were issued to eligible candidates.

ii. Training:

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

a. Staff Training College/Chennai.
b. Transmission & Distribution Training and Development Institute & Research Centre/ Madurai.
c. Thermal Training Institute & Research Centre/North Chennai and
d. 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 providing hands on practical training on Cable Jointing & End termination to the Engineers/Staff. As per Chairman/TANGEDCO instruction, the training programmes were conducted to the Contractor's Staff working in all Thermal Power Stations.

The details of training provided to the employees during the Year 2020-21 and the cost are furnished below.

Total Number Of Training Programme	Total Number of Employees attended	Total Training Cost
468	13303	Rs.0.80 Crores

iii. Policy against workplace harassment:

There has been no case of sexual harassment complaints received by the company during the financial year 2020-21.

The following members of the Board Officers of the Company as members of Sexual Harassment of Women at Workplace Committee:

1. Tmty. Umadevi, Superintending Enineer/Schemes/TANGEDCO
2. Tmty.A.N.N. Amutha, Sr. Personnel Officer/Labour & Admn./TANGEDCO
3. Thiru.L.Vinod Kumar, Deputy Secretary/Personal/TANGEDCO
4. Thiru.M. Punniyamurthi, Dy. Chief Internal Audit Officer/Estt/Head quarters.

iv. Sports activity:

TANGEDCO Sports & Games Committee conducted various sports events during the year 2020-21 and the cost for Playing kits & shoes for sports officer and Asst. Labour Welfare officer and Dy. Director of Sports is Rs. 1.75 lakhs.

(D) ERP under progress:

The ERP Project has gone live in TANGEDCO and TANTRANSCO from 05.05.2021. The major module being implemented are Procurement, Stores and Inventory, Human Capital Management and Finance and Control. All transactions will be recorded and automatic accounting is done. Several MIS Reports on the performance factors of the company can be reviewed instantly.

(E) Right to Information:

In order to promote transparency and accountability, an appropriate mechanism has been set up across your company in line with "Right to Information Act, 2005". Your company has nominated Public Information Officer/Assistant Public Information Officer / Appellate Authorities at its corporate and circle offices, to provide information to the Citizens under the provisions of Act.

6. Details in respect of adequacy of internal financial control with reference to the financial statements:

The Company has internal control system, commensurate with the nature of its business and the size of the Company. Effective steps are being taken to appoint Qualified internal auditors, in order to further strengthen the efficiency of the operational and financial functions of the organisation. Open Tender will be floated to engage professional firms to cover all the circles under internal audit, duly specifying the scope of work.

7. Details of Subsidiaries/Joint ventures /Associates Companies:

Udangudi Power Corporation limited (UPCL) is a Joint venture company formed between TNEB & BHEL. But BHEL has withdrawn the joint venture for want of long term coal linkage on 26.03.2013 and TANGEDCO has purchased the shares of BHEL at the negotiated price of Rs.64.00 Crores. The process of merger of UPCL with TANGEDCO is under process.

The Joint ventures of the Company and shareholding pattern as on 31st March, 2021 are tabulated below;

Sl.No.	Name of the Company	Shareholding patten
1	NTPC Tamilnadu Energy Company Limited (NTECL)	50%
2	NLC Tamilnadu Power Limited (NTPL)	11%
3	Mandakani B Coal Coporation Limited	25%
4	Maha Tamil Collieries Limited	74%

8.Public Deposits:

During the financial year 2020-21, the Company has not accepted any type of deposits from Public.

9.Schemes:

a. Ujwal Discom Assurance Yojana (UDAY):

Tripartite Agreement was signed amongst Ministry of Power/Govt. Of India, Government of Tamilnadu and TANGEDCO on 09.01.2017 for effective implementation of UDAY scheme in Tamilnadu.

The main objective of UDAY scheme is to reduce the AT&C loss to 13.5 % and ACS-ARR Gap to zero in the year 2018-19. The target and achievement of AT&C loss is given below:

Year	15-16 (Base Year)	16-17	17-18	18-19
TARGET	14.58%	14.06%	13.79%	13.50%
ACHIEVED	14.58% (Audited)	15.39% (Audited)	15.96% (Audited)	15.08% (Audited)

The AT&C loss target under UDAY scheme was not achieved during the period till 2018-19. However, the AT&C loss of TANGEDCO for the year 2019-20 is 12.39% and for the year 2020-21 is 12.09%.

b. Coastal Disaster Risk Reduction Project(CDRRP):

Under this scheme, TANGEDCO has proposed to convert HT and LT overhead lines into HT and LT underground cables in cyclone prone coastal towns of Cuddalore and Velankanni in Nagapattinam District under three packages (2 packages in Cuddalore and 1 package in Velankanni). The administrative sanction has been accorded for **Rs.360 crore** (66.30 US$M) and the revised administrative sanction of **Rs. 406.83 crore** has been accorded for this project with the funding assistance from World Bank.

The works are nearing completion for two packages (Package - 3 & 7) and the works are under progress for one package (Package-2). GoTN have released funds for an amount of **Rs.390.61 crore** to TANGEDCO account so far and the expenditure incurred as on 31.03.2021 is **Rs.269.86 crore.**

c. Integrated Power Development Scheme (IPDS):

Integrated Power Development Scheme (IPDS) funded by Ministry of Power Government of India, is implemented in Urban areas with the objective of (a) 24X7 power supply to all (b) AT&C losses reduction (c) Electrification of all urban households.

The total project cost sanctioned for IPDS was **Rs.1695.86 Crores**, the sanction work was completed on 31.12.2020.

d. Dheendayal Upadhyaya Gram Jyothi Yojana (DDUGJY):

Deendayal Upadyaya Gram Jyothi Yojana Scheme was proposed by Ministry of Power, Government of India for development of Electrical Infrastructure in rural areas.

The total project cost sanctioned for DDUGJY was Rs.924.12 Crores (60% grant & 40 % loan). Though financial closures of scheme is under progress, 100% of the DDUGJY works in 27 districts has been completed on 31.12.2020, as detailed below:

1. 106 nos. New Sub Stations
2. 130 nos. augmentation of substations
3. 29 nos. agriculture feeder separation
4. 11.94 lakhs consumer meters have been replaced with Static meters 897 Nos. BPL households & 6697 Nos.
5. APL households were electrified

10.Consumer friendly Measures:

<u>A. Existing IT initiatives :</u>

i. Online Portal for Service Connection Launched in 2016 and Mandatory from March 2020

ii. <u>Online Payment Portal</u>
   1. Online payment portal since 2008
   2. Payment through Mobile app commenced from September 2017
   3. During November 2020 payments using UPI has also been enabled.
   4. 'Quick Pay' facility has been launched in July 2020 for consumers to pay without registration. They can pay using their service connection number alone.

iii. Consumer Grievance Redressal Portal

The Consumer Grievance Redressal Forum (CGRF) consists of Superintending Engineer/Electricity Distribution Circle as Chairperson and two members nominated by the Collector of the District where the forum is located. Every grievance to the forum can be submitted to the concerned SE office in two ways either Manually or through Online.

The grievance to the forum may also be registered online through this portal and the online acknowledgment for registration will be received immediately by the complainant and its printout can be taken. The status of the petition whether accepted or rejected by the concerned (CGRF) can be checked by the consumer through online.

iv. SMS facility

1. SMS is being sent to Consumers on Billing information on Completion of Assessment and as a reminder 3 days before due date.
2. Facility has been extended to send SMS for consumers acknowledging the Payment received from consumer made at Counter by Cash, DD, Cheque or through Online from 1.10.2021.

v. E-Governance

1. Facility has been provided for Online application through e-seva centers
2. LT Consumers can also pay at Bank counter, Post offices and through e-seva centers.
3. The LT Online portal has been integrated with GoTN Single Window portal under e-governance for Industrial Applicants.

B . Proposed IT Initiatives:

a. Mobile App for Assessors
b. Single Mobile app for Payment, Complaints & Self assessment
c. Online Tariff Change
d. Automatic refund for cancelled applications
e. Single Payment Gateway for all Net banking
f. Online portal for Agriculture Application
g. HT related IT initiatives

HT :

- Online Portal for Service Connection Apply, Addition/Reduction of Load, SMS of application status and feedback once the service is effected all the above programmed by February 2021.
- Online Payment Portal from March 2021.

C. IPDS IT ENABLEMENT-DT METERING :

1. TANGEDCO has implemented multi-meter concept in DT metering first time in India vide P.O. dated.03.12.2018.

2. As on date 400061 meters covering 32282 DTs has hand shaked out of 46000 DT meters covered under 521 IPDS towns.

3. DT performance and analysis software Module has been developed during November 2020 in MDMS application with the following important Revenue Protection reports

4. he above Module was handed over to Field on **13.11.2020** along with hands on training and it is currently being utilized by the field officials.

D. BEST PRACTICES IMPLEMENTED IN GEOGRAPHIC INFORMATION SYSTEM (GIS) TECHNOLOGY

- Geotagging of Assets & consumers of TANGEDCO and Assets of TANTRANSCO and displaying them spatially on Map commenced in June 2019.
- The assets include Substations, Feeders, DTs, LT networks and Consumers.

Progress	Sub Station	Feeder	DT	LT Network	Consumers
Survey (%)	100%	100%	100%	100%	96.5%
Porting (%)	100%	100%	100%	99%	92.5%

- TANGEDCO is the first utility to map all its assets including 3 crore consumers in GIS platform.
- Survey and porting of all the assets is done by dedicated in house GIS team at Regions/ circles using customized mobile apps, for which training has been imparted by TANGEDCO's in-house team.
- Provision for addition of new substation, Feeder and Distribution transformer and modification of existing network is given through GIS application.
- GIS asset information is used for HVDS implementation (HT/LT ratio) and HT album generation.(HT album generation enabled during Sep 2020 and LT album generation enabled during April 2021).
- Consumer / Asset location search provided to O&M section officers to locate the Asset / Consumers for day to day O&M works.
- GIS based Consumer Indexing enabled for all regions in synchronization with other IT system.
- Affected Geographical area identification during feeder breaker failure of SCADA towns.
- GIS is made as one point entry for network asset addition.

11. Company Auditors :

The Comptroller & Auditor General of India, (C&AG) New Delhi has appointed M/s Khicha & Prabu Kesavan, Chartered Accounts, Coimbatore. M/s. K. Gopal Rao & Co., Chartered Accountants, Chennai, M/s.B.Thiagarajan & Co., Charted Accountants/Chennai and M/s. Thomos & Co, Chartered Accounts, Madurai as Joint statutory auditors for the financial year 2020-21, as per section 139(5) of the Companies Act 2013.

In terms of section 204 (1) of the Companies Act 2013, the Board has appointed M/s Ramachandran & Associates, Company Secretaries as Secretarial Auditors for the year 2020-21.

In terms of section 148 of the Companies Act 2013, the Board has appointed M/s. Krishnaswamy & Associates, practising Cost Accountant as Cost Auditor for the financial year 2020-21.

In terms of section 44AB of the Income tax Act 1961, the Board has appointed M/s.Brahmayya & Company, practising Chartered Accountant as Tax Auditor for the financial year 2020-21.

12. Details of conservation of energy, technology absorption:

Considering the nature of business of the company, the information relating to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy and Technology Absorption is as follows.

a. Conservation of Energy:

SL. No.	Subject	Action taken
1	Prevention of Energy theft	a) Energy conservation day and week celebrations were conducted in all Electricity Distribution Circles from 14.12.2020 to 20.12.2020 b) The GoTN has appointed TANGEDCO as State Nodal Agency (SNA) for creating Public Charging infrastructure across the state for Electric Vehicles (EV) vide G.O. dt 27.05.19. c) The Tamil Nadu Energy Conservation Building Code (TNECBC) Rules has been submitted to the Government and the Notification (Commercial Buildings) is under progress. d) Model Energy Efficiency Village, Othaiyal and Karenthal are the two electrified Villages for retrofitting of energy efficient appliances in place of existing inefficient ones which is under progress. e) Demonstration Projects, a Proposal for Retrofitting of Electrical appliances in Mettur Thermal Power Station–I quarters is under progress.
2	Awareness creation among Public related to Conservtion of Energy	
3	Unnat Jyothi by Affordable LED's to All (UJALA) Schemes:	TANGEDCO has permitted M/s.Energy Efficiency Services Limited (EESL) to sell Energy Efficient LED bulbs, LED Tube Lights and Ceiling Fans to Domestic Consumers at subsidised rate under UJALA Scheme. In this scheme LED bulbs 36.89 lakhs Nos., LED Tube Lights 4.80 lakhs Nos. and Ceiling Fans 1.33 lakhs Nos. were sold to

SL. No.	Subject	Action taken
		domestic consumers so far.
4	Energy Auditor for Designated Consumers DCs) as well as Non-Designated Consumer (NDCs) is under implementation	Energy Audit is mandatory as per G.S.R.486 (E), dated: 30.06.2008 for Designated Consumers (DCs). At present, there are 89 DCs covered in 6 PAT cycles (i.e., PAT 1 to 6). Further TNSDA has identified 60 Nos. of probable DCs list and submitted to Bureau of Energy Efficiency (BEE) during the financial year 2020-21 for inclusion in future PAT cycle. Conducting of Energy Audit for NDCs is not feasible as per the provisions in the EC Act 2001 and hence the same has been dropped and informed to the Energy Secretary.

Technology Absorption:

Automated Meter Reading System (AMR) has been installed on 9792 nos wind generator services, 381 nos. of Solar generator services and other non-convention energy generators. The AMR facilitates automatic collection of data viz., the energy generated, diagnostic, and status data from a energy meter for billing, trouble shooting and analysing purpose. (No more purchase and installation of Automated Meter reading system in 2020-21)

13. Corporate Social Responsibility:

The Board of Director of the company has constituted a Corporate Social Responsibility (CSR)Committee on the 88th Board Meeting held on 26.06.2019, the composition and functioning of which, is in accordance with the terms of the Companies Act 2013 and Rules made there under.

In the ongoing Thermal Projects – NCTPS Stage 3 (1 X 800MW Super Critical Project), Corporate Social Responsibility activities worth Rs.6.43 Crores to be taken up by the Collector/GOTN/DRDA/Tiruvallur,

In the Uppur Super Thermal Power Project (2 x 800MW), Corporate Social Responsibility activities worth Rs.50 Lakhs has been disbursed to District Collector/Ramnad towards purchase of equipments an materials required in preventive activities taken up against spreading of COVID-19 in Ramnad.

In the Udangudi Power project II & III , Corporate Social Responsibility activities worth Rs.7.8428 Crores has been disbursed to District Collector/Thoothukudi towards Construction of Fish Landing centre, Widening and strengthening of Roads, Community Hall and High mass lights, Equipment to the Govt. Hospital and Elevated service reservoir.

The following members of the Board of Directors of the Company as members of CSR Committee:

1. Joint Managing Director /TANGEDCO
2. Director/Distribution/TANGEDCO
3. Director/Project /TANGEDCO
4. Director/Finance/TANGEDCO

14. Directors and Managerial Personnel as at 31.03.2021.

14.1 Director:

Sl. No.	Name	Designation
1.	Mr. Vikram kapur, IAS., (From 13.03.2018) Mr. Pankaj Kumar Bansal (From 17.07.2020)	**Chairman cum Managing Director**
2.	Mr.S. Vineeth, I.A.S., From 16.10.2019)	**Joint Managing Director**
3	Thiru Prashant M.Wadnere, I.A.S. (From 31.10.2020)	**Joint Managing Director/Finance**
4	Tmty. M.A. Helen, (From 01.12.2016)	**Director (Distribution)**
5	Mr.R. Ethiraj (From 01.11.2019)	**Director (Generation)**
6	Mr.K. Sundaravadhanam (From 24.09.2018)	**Director (Finance)**
7	Mr. A. Ashokkumar, (From 25.10.2019)	**Director(Projects)**
8	Mr. S. Shanmugam, (From 01.03.2016)	**MD/TANTRANSCO**
9	Mr.S. Krishnan, I.A.S., Additional Chief Secretary to Govt., (Finance Department) (From 01.07.2019)	**Director (Ex-Officio)**
10	Mr. A. Karthik, Prinicipal Secretary to Govt. (Energy Depart.) (From 06.02.2020) Mr. S.K. Prabakar, I.A.S., Prinicipal Secretary to Govt. (Energy Depart.) (From 17.07.2020)	**Director (Ex-Officio)**

Sl. No.	Name	Designation
11	N. Muruganandan, I.A.S., Principal Secretary to Govt. (Industries Depart.) (From 25.02.2019)	**Director (Ex-Officio)**

14.2 **Key Managerial Personnel**

During the Financial year 2020-21, the following are the key Managerial Personnel of the company as per the provisions of the Companies Act 2013

Sl. No	NAME	Designation	Date of appoint-ment	Date of Cessa-tion
	A)			
1	a) Thiru. Vikram Kapur, I.A.S.,	Chairman, &Additional Chief Secretary to Government, GOTN	--	08-06-20
	b) Thiru.Pankaj Kumar Bansal, I.A.S.,		08-06-20	--
2	a) Dr. Subodh Kumar I.A.S.,	Joint Managing Director	28-02-19	07-11-19
	b) Dr. S Vineeth. I.A.S.,		07-11-19	--
3	Thiru. S. Shanmugam, B.E.	Managing Director,	01-03-16	--
4	Tmty. M.A.Helen, B.E.	Director / Distribution	01-12-16	--
5	Thiru.K.Sundaravadhanam, B.Sc., ACA., ACS.,	Director / Finance	24-09-18	--
6	Thiru.R.Ethiraj, B.E.,	Director / Generation	24-10-19	--
	Er.A.Ashokkumar, B.E.,	Director/Project	25-10-19	--
8	Tmty.K.Malarvizhi, B.A.(Corp), ACA, PGDHRM,	Chief Financial Controller	02-03-19	--

Sl. No	NAME	Designation	Date of appoint-ment	Date of Cessa-tion
9	DhanasekaranSureshkumar	Company Secretary	19-10-16	--

15. Composition of audit committee

The company has constituted an Audit Committee as per section 292A of the Companies Act 1956, (Section 177 of Companies Act 2013) in the 10th Board meeting of TANGEDCO held on 24.3.2011. The Audit Committee was formed with the following members.

i. Chairman Cum Managing Director/TANGEDCO.

ii.Principal Secretary to Government/Finance Department.

iii.Principal Secretary to Government/Energy Department.

iv.Principal Secretary to Government/Industries Department.

The Board has accepted all recommendations of the Audit Committee during the financial year 2020-21.

16. Number of meetings of the Board of Directors/Audit Committees:

(i) **The details of Board Meetings are given below:**

No. of Meeting	Date	Board Strength	No. of Directors Present
93	20.05.2020	10	9
94	17.07.2020	10	10
95	19.08.2020	10	10
96	29.09.2020	10	10
97	16.12.2020	10	9
98	13.01.2021	10	10
99	18.02.2021	10	10

ii. The details of Audit Committee Meetings are given below:

No. of Meeting	Date	Board Strength	No. of Directors Present
24	20.05.2020	4	4
25	19.08.2020	4	4
26	29.09.2020	4	4
27	13.01.2021	4	4

17. Directors Responsibility Statement:

Pursuant to clause (c) of subsection (3) read with sub section (5) of section 134 of the Companies Act 2013, the Directors to the best of their knowledge and belief confirm that,

a. The Financial Statements have been prepared in accordance with the 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), duly revising the financial statements prepared under Indian Generally Accepted Accounting Principles (I-GAAP), u/s.131 of the Companies Act, 2013 and as per the provisions of the Electricity Act, 2003 to the extent applicable.

   First time adoption of IND AS

   The company has engaged a consultant, M/s.KPMG Assurance and Consulting Services LLP, through a Technical Assistance (Linked to the TA-9843 IND: Chennai Kanyakumari Industrial Corridor Power Sector Investment Project – Support for the implementation of the FRP and Ind AS (51308-001) in TANTRANSCO) from Asian Development Bank ("ADB") to support the following activities:

   i. Adoption of Ind-AS accounting standards by TANGEDCO,
   ii. Updation of Fixed Asset Register (FAR).
   iii. Inter-company reconciliation between TANGEDCO &TANTRANSCO and inter-unit account reconcillation of TANGEDCO.

b. The Directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as at March 31, 2021 and the profit or loss of the company for that period.

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 to the extent applicable for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. The Directors had prepared the financial statements as a going concern basis.

e. The Directors had devised proper system to ensure compliance with the provision of all the applicable laws and that such a system are adequate and operating effectively.

Acknowledgment:

The Board of Directors wish to place on record their appreciation for all the support and guidance extended by the Government of Tamil Nadu, Government of India, Hon'ble Tamil Nadu Electricity Regulatory Commission and other forums, TNEB Ltd., TANTRANSCO and other Agencies such as Government treasury, CEA, CERC, Financial Institutions viz., REC, PFC, TNPFC, HUDCO, NABARD, etc and Commercial Banks, Ministry of Corporate Affairs, Registrar of Companies, Comptroller and Auditor General of India (C&AG), Statutory Auditors, Standing Councils and the General Public for co-operation and active support to TANGEDCO, in our endeavour to serve them. The Board of Directors would also like to place on record its appreciation for the dedicated and committed services rendered by the employees of the Corporation.

For and on behalf of the Board

Place: Chennai

Date: 16.08.2023

Chairman cum Managing Director
TANGEDCO

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

सत्यमेव जयते

स. प्रमले. (लेखापरीक्षा II)/ एएमजी I /डाटा बैंक / 13
No. PAG (Audit II)/AMG I/DATA BANK /2023-24/13

16.08.2023
16.08.2023

सेवा में/To
अध्यक्ष एवं प्रबंध निदेशक,
टैंजेडको,
चेन्नई 600 002.

The Chairman & Managing Director,
TANGEDCO,
Chennai 600 002.

महोदय Sir/ महोदया Madam,

विषय: 31 मार्च, 2021 को समाप्त वर्ष के लिए टैंजेडको लिमिटेड, चेन्नई के संशोधित खाते पर कंपनी अधिनियम, 2013 के अधीन धारा 143(6)(बी) के नि.व म.लेप. की टिप्पणी।

Sub: Comments of the C&AG of India u/s 143(6)(b) of the Companies Act, 2013 on the revised accounts of TANGEDCO Limited, Chennai for the year ended 31 March 2021.

31 मार्च, 2023 को समाप्त वर्ष के लिए टैंजेडको लिमिटेड, चेन्नई के संशोधित खाते 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 revised accounts of TANGEDCO Limited, Chennai for the year ended 31 March, 2021.

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

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

भवदीय/Yours sincerely,

संलग्न: यथोपरि
Encl: As above

उप महालेखाकार
Deputy Accountant General

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE REVISED FINANCIAL STATEMENTS OF TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2021.

The preparation of revised financial statements of Tamil Nadu Generation and Distribution Corporation Limited, Chennai (TANGEDCO) for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory 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 Audit Report dated 10 March 2023.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the revised financial statements of TANGEDCO for the year ended 31 March 2021. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

General

The Comptroller and Auditor General of India vide letter dated July 03, 2018, had advised TANGEDCO to prepare its financial statements in accordance with the financial framework prescribed under the Companies Act, 2013 read with the stipulated Indian Accounting Standards and not in accordance with the Electricity (Supply) Annual Accounts Rules, 1985 (ESAAR, 1985). TANGEDCO adopted the financial framework prescribed under the Companies Act, 2013 from 2018-19.

The Statutory Auditors in their Report on the pre-revised accounts for the year 2020-21 dated 30 November 2021 had expressed opinion that the stand-alone financial statements of TANGEDCO do not give a true and fair view in conformity with accounting principles generally accepted in India and do not give the information required by the Companies Act, 2013 in the manner so required. In the same Report they also stated that the financial statements have not been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Rules), 2015.

Hence, in order to comply with Ind AS provisions in the annual accounts of financial year 2020-21, TANGEDCO filed a petition seeking permission for voluntary revision of its accounts for FY 2020-21 before Hon'ble NCLT (CP/77(CHE)/2022) with respondents MCA, Regional Director/ROC, Chennai, four Firms of Statutory Auditors and notice to the IT department. All the respondents indicated no objection for revision of accounts by TANGEDCO by way of affidavits. Accordingly, Hon'ble NCLT issued order dated 12.01.2023 in CP/77/(CHE)/2022 allowing TANGEDCO to revise its accounts for the FY 2020-21. Accordingly, TANGEDCO revised the accounts and got the revised financial statements audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act. However, no prior approval was taken from the CAG for revision of accounts by TANGEDCO.

In the context of the above position, the Audit on the revised financial statements of TANGEDCO for the year 2020-21 had been conducted under Section 143 (6) of the Companies Act, 2013 and the following Comments on the financial statements are brought out in the paragraphs below.

BALANCE SHEET

ASSETS - NON-CURRENT ASSETS

Property, Plant & Equipment- Note 4(a)- ₹ 58,995.04 crore

1. As against the value of land for ₹18.08 crore allotted to TANGEDCO by the Greater Chennai Corporation (for establishment of substation in lieu of Current Consumption (CC) Charges pending), ₹0.78 crore was only accounted (being the CC charges adjusted and journalized) resulting in understatement of above head by ₹17.30 crore. This has also resulted in overstatement of debtors by the like amount.
2. This includes a sum of ₹37.55 crore being the net value of 110 KV Power Transformers, which are used in 110 KV Substations of TANTRANSCO. The Power Transformers have gross value of ₹41.22 crore, the cumulative depreciation of ₹3.66 crore and net asset value of ₹37.55 crore. This has resulted in overstatement of Property Plant and Equipment by ₹37.55 crore, understatement of Other Financial Assets by ₹41.22 crore (being expenses reimbursable from TANTRANSCO) and overstatement of negative balance of Other Equity by ₹3.66 crore.

Capital work in progress - Note 4(a)- ₹33,504.70 crore

3. The above head includes ₹2124.32 crore being the value of works completed during the period from October 2010 to October 2020 under different schemes omitted to be capitalized and continued as capital works in progress even after completion of the scheme. Further, the above head also includes ₹832.21 crore representing the IDC amount to be allocated to various assets which were already commissioned and not capitalized till 2020-21. Due to this, the above head is overstated, and Property, Plant and Equipment is understated by ₹2,956.53 crore. Resultantly, depreciation and loss of the Company is understated by ₹ 290.64 crore

Investment Property - Note 4(b)-₹ 58.27 crore

4. The above does not include ₹13.45 crore being a part of fair value of 62.80 acres of land given on lease to NTECL by TANGEDCO. The entire value of ₹71.72 crore should have been classified as Investment property as per Ind AS 40 but only ₹58.27 crore was accounted under above head and the balance ₹13.45 crore was accounted under Property, Plant and Equipment. This resulted in overstatement of Property, Plant and Equipment and understatement of Investment property by ₹13.45 crore.

Other Non-Current Assets - Note 7- ₹220.19 crore

5. This does not include a sum of ₹30.35 crore being the cost of exploration done for Chandrabila Coal Block in Odhissa, which TANGEDCO has written off by adjustment against Other Equity. As TANGEDCO in process of developing the Coal Block, the incorrect writing off of the expenditure has resulted in understatement of Other Non-current Assets and overstatement of negative balance of Other Equity by ₹30.35 crore.

ASSETS - CURRENT ASSETS

Inventories- Note 8 -₹2151.69 crore

6. This includes ₹22.03 crore being the value of 600MW generator exciter assembly complete set, kept by TANGEDCO as stand-by equipment for the 2X600MW units of NCTPS II. As stand-by equipments shall be classified under Property, Plant and Equipment as per Ind AS 16, accounting of the above equipment as Inventories has resulted in overstatement of the above head by ₹22.03 crore, understatement of Property, Plant and Equipment by ₹ 18.72 crore and understatement of depreciation by ₹3.31 crore. This has also resulted in understatement of loss for the year by ₹3.31 crore.
7. This is understated by ₹16.33 crore due to non-accounting of coal stock at Railway wagons (1,00,075.5 tons) loaded from mines and not received in ports (in transit) as on 31 March 2021 resulting in understatement of liability by ₹16.33 crore.

Trade receivables- Note 9- ₹7196.24 crore

8. The above head is understated by ₹86.42 crore due to providing of excess loss allowance on trade receivables over the 2.5 *per cent* of trade receivable to be provided as per the Accounting Policy of TANGEDCO. This resulted in understatement of Trade Receivables and overstatement of negative balance of Other Equity by ₹86.42 crore. Consequently, the loss for the year is also overstated by the same amount.

LIABILITIES- NON-CURRENT LIABILITIES-

Financial Liabilities -(ii) Others-Note 17- ₹4,919.91 crore

9. The right to use cooling water channel of North Chennai Thermal Power Station (NCTPS) was given to NTECL in May 2008 on lease for a sum of ₹7.04 crore. As TANGEDCO accounted the entire lease amount as income instead of recognizing it on a systematic basis over the period of life of the asset, the above head is understated and negative balance of Other Equity is understated by ₹2.26 crore.

LIABILITIES -CURRENT LIABILITIES

Trade Payables- Note No. 21- ₹27,371.50 crore

10. The above head is understated by ₹107.45 crore due to non accounting of the liability admitted by TANGEDCO towards the cost of power purchased from PPN Power Generating Company Limited (PPN). This has resulted in understatement of cost of power purchase and Current Liabilities (Trade Payables) by ₹107.45 crore. Consequently, loss for the year is also understated by the above amount.

11. The above head does not include ₹509.67crore being the aggregate amount payable to the solar energy suppliers namely Kamuthi Solar Power Limited and Ramnad Renewable Energy Limited for the higher tariff allowed to them vide the order of Appellate Tribunal for Electricity (APTEL) dated 7 October 2022. Non-accounting of the above differential liability for the power purchased from the above suppliers has resulted in understatement of above head and cost of power purchase by ₹509.67 crore. Consequently, loss for the year is also understated by the above amount.

12. This does not include ₹13.18 crore being the liquidated damages collected from contractors which were subsequently waived by TANGEDCO Board and hence, to be refunded to them. Resultantly, the above head is understated, and miscellaneous income is overstated with consequent understatement of loss by ₹13.18 crore

Other Current Liabilities-Note 24 - ₹3,515.76 crore

13. The above head does not include ₹37.93 crore being the liability admitted by TANGEDCO for using the land of VOC Port Trust on lease basis during July 1997 to March 2018. Tuticorin Thermal Power Station was established in the above land. Non-accounting of the liability has resulted in understatement of above head and understatement of negative balance of Other Equity by ₹37.93 crore.
14. The above head is further understated by ₹719.78 crore due to reversal of liability created by TANGEDCO by adjusting against Other Equity. Considering the Electricity Duty collected from consumers and payable to the State Government as own funds of TANGEDCO has resulted in understatement of above head and negative balance of Other Equity by ₹719.78 crore.

STATEMENT OF PROFIT AND LOSS

EXPENSES

INCOME

Revenue from Operations – Note 25 - ₹48,909.06 crore

15. Following the collection of demand charges (which is levied on the KVA demand actually recorded in the month or 90 *per cent* of the sanctioned demand whichever is higher) from HT consumers by TANGEDCO, 1,381 consumers approached the Tamil Nadu Electricity Regulatory Commission (TNERC) to waive off the excess demand i.e., the difference between 90 *per cent* of the sanctioned demand and the actual recorded demand due to COVID situation. TNERC instructed (May 2020) TANGEDCO to collect 20 *per cent* of the sanctioned demand or recorded demand whichever is higher during the lockdown period from 24 March 2020 to 5 May 2020. This was also upheld by the Hon'ble High Court and directed to rework the excess demand collected for these consumers. Based on the judgment, TANGEDCO refunded ₹86.80 crore. However, for the remaining HT consumers TANGEDCO has not worked out the financial impact.
16. The above head included ₹1618.35 crore, being the amount collected from consumers towards recovery of cost of capital assets in the form of consumer contribution, development charges, self financing for agricultural service connections etc., As the amounts collected are in the nature of capital receipts, accounting the same as revenue receipts is not in order. The above amount should have been either amortized over the useful life of the capital assets created for providing service connections to the consumers or adjusted against the cost of Property, Plant and Equipment. This has resulted in overstatement of Revenue from Operations and understatement of Other non-current Liabilities by ₹1618.35 crore.

EXPENSES

Cost of power purchase – Note 27- ₹34,178.40 crore

17. It includes a sum of ₹29.82 crore being the transmission charges paid to TANTRANSCO for the period from April 2020 to March 2021 in respect of Ennore Thermal Power Station. The thermal station was closed in 2017 and payment of transmission charges for the closed power plant is not in order and the amount should be claimed from TANTRANSCO. Due to accountal of ineligible transmission charges from April 2017 to March 2021, the account head Transmission charges payable to TANTRANSCO is overstated by ₹119.37 crore and Other Current Assets is understated to the same extent. Consequently, negative balance of Other Equity of the Company is also overstated by ₹119.37 crore.
18. Due to non-accounting of wind power purchase for the months of February and March 2021 in respect of Tirunelveli Electricity Distribution Circle, the above head i.e. the cost of power purchase and liability heads are understated with consequent understatement of loss of the company by ₹24.08 crore.
19. This is understated by ₹279.22 crore due to non-accountal of solar power purchased from seven generators during 2020-21 by the Tirunelveli Electricity Distribution Circle. Non-accountal of solar power purchased resulted in understatement of above head and Trade Payables by ₹279.22 crore. Consequently, loss for the year is also understated to the extent.

Employee Benefit Expenses- Note 29- ₹7388.74 crore

20. This is understated by ₹15.58 crore due to non-provision for the deduction made from the staff towards National Health Insurance Scheme (NHIS) from November 2020 to March 2021, which is payable to the Insurance Company. Resultantly, liability to Insurance Company and the loss is understated by₹15.58 crore.

Notes to the Financial Statements

3. Significant Accounting Policies

21. It was indicated in the Significant Accounting Policies, clause (i) - Employee benefits that as per the terms of Tamil Nadu Electricity (Re-organization and Reforms) Transfer Scheme, 2010, all the employees were transferred to TANGEDCO and some employees were deputed to TANTRANSCO. As per Company's policy, it recognizes a share of 6/7th liability towards the long term and post-employment benefit cost arrived based on actuarial valuation. As against 1/7th share of liability of ₹6,609.91 crore, TANTRANSCO reckoned ₹7,280.06 crore resulting in reckoning of excess liability of ₹670.15 crore in TANTRANSCO accounts for the year 2020-21. TANGEDCO has reckoned only the balance liability over the liability reckoned by TANTRANSCO. This has resulted in

understatement of Employee benefit expenses and Provisions under Non-Current Liabilities by ₹670.17 crore. Consequently, loss for the year is understated by ₹670.17 crore. In addition, justification for adoption of 6/7th of the liability towards the long term and post-employment benefit cost as TANGEDCO's liability should have been mentioned in the Significant Accounting Policy.

Net Impact of Comments

22. The net impact of the above comments is that the losses are understated by ₹ 3415.41 crore. If this is taken into account, the reported loss (before tax) for the year of ₹8458.52 crore would increase to ₹ 11873.73 crore.

Principal Accountant General

C & AG Comments of TANGEDCO Revised Annual Accounts for 2020-21

Accountant General Audit Comment	Management Reply
BALANCE SHEET **ASSETS - NON-CURRENT ASSETS** **Property, Plant & Equipment- Note 4(a)- ₹ 58,995.04 crore**	
1. As against the value of land for ₹18.08 crore allotted to TANGEDCO by the Greater Chennai Corporation(for establishment of substation in lieu of Current Consumption (CC) Charges pending), ₹0.78 crore was only accounted (being the CC charges adjusted and journalized) resulting in understatement of above head by ₹17.30 crore. This has also resulted in overstatement of debtors by the like amount.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
2. This includes a sum of ₹37.55 crore being the net value of 110 KV Power Transformers, which are used in 110 KV Substations of TANTRANSCO. The Power Transformers have gross value of ₹41.22 crore, the cumulative depreciation of ₹3.66 crore and net asset value of ₹37.55 crore. This has resulted in overstatement of Property Plant and Equipment by ₹37.55 crore, understatement of Other Financial Assets by ₹41.22crore (being expenses reimbursable from TANTRANSCO) and overstatement of negative balance of Other Equity by ₹3.66 crore.	The Fixed Assets register (FAR) has been created afresh by obtaining all quantitative details of the assets commissioned upto 31.03.2021 from field Technical officials. The plant and equipment in 110KV substations with the voltage ratings of 110/33KV, 110/33/11 KV and 110/22KV power transformer are included in the FAR of TANGEDCO in certain Circles. The reckoning of the Assets belonging to TANTRANSCO and TANGEDCO with respect to the combined substations, such as 110/33KV, 110/33/11 KV and 110/22KV substations will again be arranged to be carried out based on technical details and accounted accordingly.
Capital work in progress - Note 4(a)- ₹33,504.70 crore	
3. The above head includes ₹2124.32 crore being the value of works completed during the period from October 2010 to October 2020 under different schemes omitted to be capitalized and continued as capital works in progress even after completion of the scheme. Further, the above head also includes	The Fixed Assets register (FAR) has been created afresh by obtaining all quantitative details of the assets commissioned as on 1.4.2019, being the date of transition,

	Accountant General Audit Comment	Management Reply
	₹832.21 crore representing the IDC amount to be allocated to various assets which were already commissioned and not capitalized till 2020-21. Due to this, the above head is overstated, and Property, Plant and Equipment is understated by ₹2,956.53 crore. Resultantly, depreciation and loss of the Company is understated by ₹ 290.64 crore.	during subsequent financial years upto 31.03.2021 from field Technical officials. Fair valuation of assets have been carried out. However, for any legacy balances carried forward under Capital WIP the same will be arranged to be sorted out separately.
	Investment Property - Note 4(b)-₹ 58.27 crore	
4.	The above does not include ₹13.45 crore being a part of fair value of 62.80 acres of land given on lease to NTECL by TANGEDCO. The entire value of ₹71.72 crore should have been classified as Investment property as per Ind AS 40 but only ₹58.27 crore was accounted under above head and the balance ₹13.45 crore was accounted under Property, Plant and Equipment.This resulted in overstatement of Property, Plant and Equipment and understatement of Investment property by ₹13.45 crore.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress..
	Other Non-Current Assets - Note 7- ₹220.19 crore	
5.	This does not include a sum of ₹30.35 crore being the cost of exploration done for Chandrabila Coal Block in Odhissa, which TANGEDCO has written off by adjustment against Other Equity. As TANGEDCO in process of developing the Coal Block, the incorrect writing off of the expenditure has resulted in understatement of Other Non-current Assets and overstatement of negative balance of Other Equity by ₹30.35 crore.	Since the process of developing coal block has not yet been initiated the cost incurred by TANGEDCO is treated as sunk cost and therefore no capitalised.
	ASSETS - CURRENT ASSETS **Inventories- Note 8 -₹2151.69 crore**	
6.	This includes ₹22.03 crore being the value of 600MW generator exciter assembly complete set, kept by TANGEDCO as stand-by equipment for the 2X600MW units of NCTPS II. As stand-by equipments shall be classified under Property, Plant and Equipment as per Ind AS 16, accounting of the above equipment as Inventories has resulted in overstatement of the above head by ₹22.03 crore, understatement of Property, Plant and Equipment by ₹ 18.72 crore and understatement of depreciation by ₹3.31 crore. This has also resulted in understatement of loss for the year	In Generating Stations, the spares were procured for the Repair & Maintenance (R & M) purpose and kept under the Inventory. On the urgent requirement in case of outages, these items will be utilized for R & M. Since, the item could be utilized for R&M replacement purposes such materials/spares will be held

Accountant General Audit Comment	Management Reply
by ₹3.31 crore.	under inventory only. However, the major spares available under the inventory heads as pointed out by the CAG will be arranged to be analysed and action taken suitably.
7. This is understated by ₹16.33 crore due to non-accounting of coal stock at Railwaywagons (1,00,075.5 tons) loaded from mines and not received in ports (in transit) as on 31 March 2021 resulting in understatement of liability by ₹16.33 crore.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
Trade receivables- Note 9- ₹7196.24 crore	
8. The above head is understated by ₹86.42 crore due to providing of excessloss allowance on trade receivables over the 2.5per centof trade receivable to be provided as per the Accounting Policy of TANGEDCO. This resulted in understatement of Trade Receivables and overstatement of negative balance of Other Equity by ₹86.42 crore. Consequently, the loss for the year is also overstated by the same amount.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
LIABILITIES- NON-CURRENT LIABILITIES- Financial Liabilities -(ii) Others-Note 17-₹4,919.91 crore	
9. The right to use cooling water channel of North Chennai Thermal Power Station (NCTPS) was given to NTECL in May 2008 on lease for a sum of ₹7.04 crore. As TANGEDCO accounted the entire lease amount as income instead of recognizing it on a systematic basis over the period of life of the asset, the above head is	The service arrangement between NTECL and NCTPS has been entered for a period of 30years since 2008. Accordingly, the sum of Rs.7.04 Cr received was

Accountant General Audit Comment	Management Reply
understated and negative balance of Other Equity is understated by ₹2.26 crore.	reduced by Rs. 2.79 Crs. (ie., value upto 31.03.2020), and the remaining value of Rs. 4.25 Cr is recognised as Deferred revenue. This value will be amortised by 0.23 Crs each year, over the remaining period of agreement (i.e., upto 07.05.2038). Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
LIABILITIES -CURRENT LIABILITIES **Trade Payables- Note No. 21- ₹27,371.50 crore**	
10. The above head is understated by ₹107.45 croredue to non accounting of the liability admitted by TANGEDCO towards the cost of power purchased from PPN Power Generating Company Limited (PPN). Thishas resulted in understatement of cost of power purchase and Current Liabilities (Trade Payables) by ₹107.45 crore. Consequently, loss for the year is also understated by the above amount.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
11. The above head does not include ₹509.67crore being the aggregate amount payable to the solar energy suppliers namely Kamuthi Solar Power Limited and Ramnad Renewable Energy Limited for the higher tariff allowed to them vide the order of Appellate Tribunal for Electricity (APTEL) dated 7 October 2022. Non-accounting of the above differential liability for the	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in

Accountant General Audit Comment	Management Reply
power purchased from the above suppliers has resulted in understatement of above head and cost of power purchase by ₹509.67 crore. Consequently, loss for the year is also understated by the above amount.	CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress..
12. This does not include ₹13.18 crore being the liquidated damages collected from contractors which were subsequently waived by TANGEDCO Board and hence, to be refunded to them. Resultantly, the above head is understated, and miscellaneous income is overstated with consequent understatement of loss by ₹13.18 crore	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
Other Current Liabilities-Note 24 - ₹3,515.76 crore	
13. The above head does not include ₹37.93 crore being the liability admitted by TANGEDCO for using the land of VOC Port Trust on lease basis during July 1997 to March 2018. Tuticorin Thermal Power Station was established in the above land. Non-accounting of the liability has resulted in understatement of above head and understatement of negative balance of Other Equity by ₹37.93 crore.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
14. The above head is further understated by₹719.78 crore due to reversal of liability created by TANGEDCO by adjusting against Other Equity. Considering the Electricity Duty collected from consumers and payable to the State Government as own funds of TANGEDCO has resulted in understatement of above head and	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as

Accountant General Audit Comment	Management Reply
negative balance of Other Equity by ₹719.78 crore.	per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
STATEMENT OF PROFIT AND LOSS **EXPENSES** **INCOME** **Revenue from Operations – Note 25 - ₹48,909.06 crore**	
15. Following the collection of demand charges (which is levied on the KVA demand actually recorded in the month or 90 per cent of the sanctioned demand whichever is higher) from HT consumers by TANGEDCO, 1,381 consumers approached the Tamil Nadu Electricity Regulatory Commission (TNERC) to waive off the excess demand i.e., the difference between 90 per cent of the sanctioned demand and the actual recorded demand due to COVID situation. TNERC instructed (May 2020) TANGEDCO to collect 20 per cent of the sanctioned demand or recorded demand whichever is higher during the lockdown period from 24 March 2020 to 5 May 2020. This was also upheld by the Hon'ble High Court and directed to rework the excess demand collected for these consumers. Based on the judgment, TANGEDCO refunded ₹86.80 crore. However, for the remaining HT consumers TANGEDCO has not worked out the financial impact.	The Hon'ble TNERC has passed an order on 04.05.2020 in SMP No.2 of 2020 directing TANGEDCO to levy demand charges @20% of the sanctioned demand (SD) during the lock down period to the consumers whose recorded demand (RD) is below 20% and in the case of others, to levy 90% of the SD or RD whichever is higher. Challenging the above, TANGEDCO has filed an appeal before the Hon'ble APTEL vide Appeal no.102 of 2020 and the appeal is pending. In the meantime, for the similar issue, several HT consumers and consumer association had filed petition before the Hon'ble High Court of Madras and the Hon'ble High court of Madras has passed the common order on 14.08.2020 in W.P.No.7678 of 2020 and others batch in the matter of the levy of demand charges as per the Regulation 6(b) of TNE Supply Code for the lockdown period and the benefit of the order has been restricted only to the petitioners. However, TANGEDCO had filed appeals

Accountant General Audit Comment	Management Reply
	(W.A.No.836 of 2020 and others batch) against the common order and the appeals are pending. Hence, the financial impact for the remaining HT consumers does not arise.
16. The above head included ₹1618.35 crore, being the amount collected from consumers towards recovery of cost of capital assets in the form of consumer contribution, development charges, self financing for agricultural service connections etc., As the amounts collected are in the nature of capital receipts, accounting the same as revenue receipts is not in order. The above amount should have been either amortized over the useful life of the capital assets created for providing service connections to the consumers or adjusted against the cost of Property, Plant and Equipment. This has resulted in overstatement of Revenue from Operations and understatement of Other non-current Liabilities by ₹1618.35 crore.	As per IND AS 115 – Revenue from contracts with customers, these contributions, development charges, recovery under self-financing scheme for agriculture services, etc., are recognised as income for the services rendered by the company. Such recoveries from consumers for the services rendered is not to be treated as capital receipts.
EXPENSES **Cost of power purchase – Note 27- ₹34,178.40 crore**	
17. It includes a sum of ₹29.82 crore being the transmission charges paid to TANTRANSCO for the period from April 2020 to March 2021 in respect of Ennore Thermal Power Station. The thermal station was closed in 2017 and payment of transmission charges for the closed power plant is not in order and the amount should be claimed from TANTRANSCO. Due to accountal of ineligible transmission charges from April 2017 to March 2021, the account head Transmission charges payable to TANTRANSCO is overstated by ₹119.37 crore and Other Current Assets is understated to the same extent. Consequently, negative balance of Other Equity of the Company is also overstated by ₹119.37 crore.	Transmission charges are levied based as per the order of Hon'ble TNERC every year. Any revision of rate ordered by Hon'ble TNERC would also be taken care for billing of transmission charges. Accordingly, the billing and accounting has been made appropriately.
18. Due to non-accounting of wind power purchase for the months of February and March 2021 in respect of Tirunelveli Electricity Distribution Circle, the above head i.e. the cost of power purchase and liability heads are understated with consequent understatement of loss of the company by ₹24.08 crore.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been

Accountant General Audit Comment	Management Reply
	proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
19. This is understated by₹279.22 crore due to non-accountal of solar power purchased from seven generators during 2020-21 by the Tirunelveli Electricity Distribution Circle. Non-accountal of solar power purchased resulted in understatement of above head and Trade Payables by ₹279.22 crore. Consequently, loss for the year is also understated to the extent.	Consequent to the order of the Hon'ble NCLT in CP/77(CHE)/2022 dated 12.01.2023 allowing the petition for revision of the financials for FY 2020-21 & as per NCLT order in CP/2(CHE)/2023 dated 12.06.2023, the revision of Annual Accounts for FY 2021-22, has been taken up. Suitable rectification entries, as per CAG comment, have been proposed in the revised financials of FY 2021-22 under IND AS, which is under progress.
Employee Benefit Expenses- Note 29- ₹7388.74 crore	
20. This is understated by ₹15.58 crore due to non-provision for the deduction made from the staff towards National Health Insurance Scheme (NHIS) from November 2020 to March 2021, which is payable to the Insurance Company. Resultantly, liability to Insurance Company and the loss is understated by₹15.58 crore.	The payment to the Insurance Company is made prior to the recovery, out of TANGEDCO's fund and directly booked as expenditure. Since the recovery of Health Insurance subscription from pensioners is made subsequent to the payment of premium amount, no expenses provision is required to be made in the books of accounts once again. The payment to the Insurance Company is being recovered from the insurance subscription of the pensioners. Therefore, the excess subscription does not arise.
Notes to the Financial Statements **3. Significant Accounting Policies**	
21. It was indicated in the Significant Accounting Policies, clause (i) - Employee benefits that as per the terms of Tamil Nadu Electricity (Re-organization and Reforms) Transfer Scheme, 2010, all the employees were transferred to TANGEDCO and some employees were deputed to TANTRANSCO. As per Company's policy,it recognizes a share of 6/7th liability towards the long	The adoption of about 1/7th and about 6/7th of employees related cost on pension liability between TANTRANSCO & TANGEDCO is conventionally adopted since inception of the both

Accountant General Audit Comment	Management Reply
term and post-employment benefit cost arrived based on actuarial valuation. As against 1/7th share of liability of ₹6,609.91 crore, TANTRANSCO reckoned ₹7,280.06 crore resulting in reckoning of excess liability of ₹670.15 crore in TANTRANSCO accounts for the year 2020-21. TANGEDCO has reckoned only the balance liability over the liability reckoned by TANTRANSCO. This has resulted in understatement of Employee benefit expenses and Provisions under Non-Current Liabilities by ₹670.17 crore. Consequently, loss for the year is understated by ₹670.17 crore. In addition, justification for adoption of 6/7th of the liability towards the long term and post-employment benefit cost as TANGEDCO's liability should have been mentioned in the Significant Accounting Policy.	companies, based on the employees strength at the time of bifurcation of Companies. While finalising the annual accounts of TANTRANSCO for FY 2020-21, the Actuarial Report (which is a combined report for all employees, as all employees belong to TANGEDCO until finalisation of Employee Transfer Scheme) then available has been taken into account and subsequently, based on the Final Actuarial Valuation report as on 31.3.2021, the entire liability has been brought into accounts in such a way that the remaining liability has been recognized in the TANGEDCO books, due to time difference in closure of accounts of the companies. Had exact proportion of 6/7th is posted in TANGEDCO, then it would have led to overstatement of total liabilities. This will get sorted when the accounts of both the companies for 2022-23 is finalised at single point.
Net Impact of Comments	
22. The net impact of the above comments is that the losses are understated by ₹ 3415.41 crore. If this is taken into account, the reported loss (before tax) for the year of ₹8458.52 crore would increase to ₹ 11873.73 crore.	Based on comments, the Impact on revenue accounts is as tabulated below: **Revenue:** Increase Rs.725.48 Crs Decrease Rs. 13.18 Crs **Less: Expenses** Increase Rs. 956.73Crs Decrease Nil Thus, Net Impact is increase in losses to the extent of Rs. 244.43 crores. These Impact in revenue losses has been effected in FY 2021-22 (which is being revised for IND AS compliance as per NCLT order dated 12.06.2023), based on management decision and also accepted by AG audit.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Tamil Nadu Generation and Distribution Corporation Limited

Report on the Audit of the Standalone Revised Financial Statements

Qualified Opinion:

We have audited the Standalone Financial Statements of Tamil Nadu Generation and Distribution Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Revised Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Qualified Opinion paragraph below (quantified to the extent possible), the aforesaid Standalone Financial Statements, read together with the matters described in the 'Emphasis of Matter' paragraph, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2021, its loss, total comprehensive income (financial performance), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion:

1. *In respect of the fair valuation exercise of Property, Plant and Equipment (PPE) carried out as on the date of transition to Ind AS i.e., 1st April 2019, based on the newly implemented detailed fixed assets register and given effect to in the financial statement for Financial Year 2020-21, we have observed the following:*

    a) *In general, with regard to quantity, date of capitalisation and the useful life of Property, Plant and Equipment as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above needs strengthening.*

    b) *Further, in the absence of sufficient supporting document we are unable to confirm whether physical, technical and economic obsolescence have been factored in the valuation of PPE.*

    c) *In respect of most of the immovable properties, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing immovable properties have not been made available. Further, documents provided for land area measurement are not matching with the measurement considered for the purpose of valuation. In the absence of adequate information, we are unable to quantify the impact of the above on the valuation of immovable properties in the nature of land.*

    d) *In respect of buildings, sufficient supporting documents to confirm the built-up area were not made available.*

    e) *In respect of Plant and Machinery, Lines, cable network,*

        i. *Sufficient supporting document to confirm the quantity and date of acquisition/capitalisation were not made available.*

        ii. *In respect of the base acquisition cost, considered for arriving at the fair value, which has been obtained from the cost data book internally maintained by the management, we have not been provided with sufficient and appropriate documents to substantiate the correctness and completeness of the values given in the cost data book.*

        iii. *The methodology adopted for valuing plant and machinery, in respect of which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.*

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f) *In respect of additions made to PPE during Financial Year 2019-20 and 2020-21, the Company has adopted the same fair valuation method adopted for the transition date i.e. 1st April 2019 instead of actual cost incurred in respect of such additions.*

g) *The Company has capitalised contingencies (1%), labour and transport (15%), establishment and supervision (15%) and interest during construction (IDC) and other overheads (14.59% / 32.62%), to the base acquisition cost of each asset/component of asset except land and buildings. In addition, these percentages have been applied on a cumulative basis in the sequence mentioned above on the base acquisition cost for arriving at the fair value as on 1st April 2019 as well as additions made during Financial Year 2019-20 and 2020-21.*

In respect of the above, the Company has not furnished any supporting document to substantiate these percentages as well as the manner of applying these percentages on cumulative basis.

h) *Detailed list and computations in respect of Profit/Loss on sale of disposed assets have not been made available to us and consequently we are unable to ascertain the impact of such disposals on the statement of profit and loss for the year ended and PPE balances thereon.*

In light of the above observations stated in para 1(a) to (g) we are unable to comment on the accuracy of the value of PPE and the consequential impact on the statement of profit and loss.

2. *In respect of Capital Work In Progress (CWIP) balance as at 31st March 2021:*

   a) *Several work orders have been completed as on 31st March 2021 and form part of CWIP balances in the books whereas such completed work orders have been considered as part of PPE at the time of transition to IND AS. Consequently, the CWIP balance in respect of these work orders may be overstated.*

   b) *Scheme wise registers for CWIP are not being maintained.*

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

   d) *Revenue expenses pertaining to earlier years have been capitalized and included as part of CWIP balances.*

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e) *Work order wise details in respect of CWIP balance as at 31st March 2021 has not been made available and therefore, we are unable to comment on the completeness and accuracy of the same. .*

f) *Reference is drawn to Note 4(a) of the financial statements pertaining to PPE balances where the movement of CWIP, both additions to CWIP and transfers/disposal during the year have not been adequately disclosed. In the absence of proper information and explanation from management, we are unable to confirm the correctness of the said disclosures.*

3. *The closing stock value of coal includes estimated figures of ocean freight component which is not in accordance with applicable Ind AS-2.*

4. *Complete details for value of capital spares have not been provided and therefore we are unable to comment on the correctness of value of capital spares given in the financial statement.*

5. *The valuation of other inventories (other than coal) has been made on the basis of latest purchase order rate which is not in accordance with Ind AS-2.*

6. *The Company has not reconciled the differences between the value of security deposits as per separate billing software and books of accounts and consequent impact on such balances and statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.*

7. *The Company's books of account have not been reconciled with the reported values of Turnover/Input Tax Credit availed under the GST Act. The quantum is not ascertainable as also the corresponding liability if any.*

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

9. *The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952. The Company has not invested the employee contributions to various terminal benefit funds such as Family Benefit Funds, General Provident fund, Contributory Pension Scheme along with Company's matching contributions in an independent entity.*

10. *In the absence of documents and information substantiating the validation of employees and pensioners master data, we are unable to confirm the completeness and accuracy of such data provided to the actuary for valuing gratuity liability, pension liability, earned leave liability, leave on private*

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affairs liability. Consequently, we are unable to confirm the accuracy of provision for employee benefits.

11. *The staff wise balances of General Provident Fund (GPF)/Contributory Pension Scheme (CPS) as maintained in the physical registers/Payroll software not matching with the books of accounts and in the absence of adequate information the amount of difference could not be quantified and the accuracy of interest liability recognized in the financial statement of the Company could not be confirmed.*

12. *Borrowing cost capitalized for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the measurement principles contained in IND AS-23.*

13. *(a) Reference is drawn to Note 11 regarding unreconciled balance of Rs. 135.32 Crores with TANTRANSCO as at the year end.*

    (b) Reference is drawn to Note 13 regarding an amount of Rs. 543.31 Crores shown under other current assets representing unreconciled interunit balances.

14. *Reference is drawn to Note 9 regarding Trade Receivables which includes unreconciled receivables from HT & LT consumers. Consequently, we are unable to confirm the correctness of Trade Receivables balance.*

15. *The Company has not made available the list of vendors who are categorised as MSME and registered under MSMED Act, 2006. So we are unable to ascertain whether the Company has complied with the provisions of MSMED Act to any of the transactions including settlement of dues within the time limits prescribed under that Act and also payment/provision of prescribed interest for delayed settlements.*

16. *Value of employee wise loans and advances given does not match with the balance available in the books of accounts of the Company.*

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

18. *Document approving the rebate on power purchase bills availed valuing Rs.28.69 Crores have not been provided.*

19. *Amount of Rs. 294.93 Crores being part of trade receivables from Puduchery Electricity department which is not recoverable has not yet been written off.*

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20. *The Company has not recognised the following liabilities in the accompanying financial statements:*

   a) *Impact of Frauds and Embezzlements detected in preceding years quantified at Rs.2.76 Crores.*

   b) *Interest claim of the parties for the delayed settlement of dues towards Power Purchase – Surcharge – Rs.3901.38 Crores.*

   c) *Water Cess payable to TN Pollution Control Board up to 31.03.2021 Rs.686.37 Crores.*

   d) *Lease rent payable to TN Forest department – Rs.563.48 Crores.*

   e) *Lease rent payable to Port – Rs.158.02 Crores*

   f) *Liability for default in remittance and delayed remittance of Tax Deduction liabilities under the Income Tax Act, 1961 - Rs.8.81 Crores.*

   g) *Grade slippage bills received amounting to Rs.14.05 Crores.*

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

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities* for the *Audit of the Standalone Financial Statements* section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

Reference is drawn to Note 65 regarding the management's view that there is no material uncertainty affecting the "Going Concern" assumption on account of the

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various factors stated in the said Note. Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701 are not applicable to the Company as it is an unlisted Company.

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

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our Auditor's Report thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting

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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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors 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 the Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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

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material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone 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 misstatements in the standalone 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 misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and except for the effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were, necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books subject to the matters described in the Basis for Qualified Opinion paragraph.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except those observed above in the basis of forming qualified opinion paragraph.

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e) The matters described in the Basis for Qualified Opinion paragraph and Emphasis of Matter Paragraph above, in our opinion may have an adverse effect on the functioning of the Company.

f) Being a Government Company and pursuant to Notification No.GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the act are not applicable to the Company.

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 A". Our report expresses a Modified Opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial statements.

h) As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.

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

   a) Due to the possible effects of the matters (Whether Quantified or Otherwise) described in the Basis for Qualified Opinion paragraph above, we are unable to state whether the Company has adequately disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   b) Due to the possible effects of the matters (Whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, we are unable to state whether the Company has made adequate provision, as required under the applicable law or accounting standards for material foreseeable losses, if any on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts.

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3. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

4. Annexure C to this report carries our responses to the directions and sub-directions of the Comptroller & Auditor General of India issued under Section 143(5) of the Companies Act, 2013.

For K GOPAL RAO & CO
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Place: Chennai
Date: 10/03/2023

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ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **TAMILNADU GENERATION and DISTRIBUTION CORPORATION LIMITED** as of 31st **March, 2021** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors 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 internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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(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 expenditure of the Company are being made only in accordance with authorizations of management and directions of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have material effect on the financial statements.

Inherent Limitations of Internal Financial Controls

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

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2021.

a) There is ineffective supervision 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 as required under Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, commensurate with the nature and size of its operations thereby impeding timely detection of errors, defects and frauds.

c) The Company needs to strengthen its internal control system including documentation process in respect of PPE for time of capitalization, cost capitalized and physical verification and consequent identification of losses, damages and impairment.

d) The Company does not have an adequate internal control system with regard to the reconciliation of quality and quantity of coal ordered and received.

e) The Company does not have any system to translate a transaction into an accounting entry to ensure that the accounting as well as financial reporting is

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in accordance with generally accepted accounting standards, practices and principles.

f) The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group entities which is yet to be completed as on date.

g) Lack of integration of processes between various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's book-keeping results in human intervention for which the internal controls are deficient.

h) The Company's supervision and control over the online collections is deficient resulting in excess collections reported by banks.

i) There was no evaluation of internal financial controls and risk management systems by the Company as required by section 177(4) (vii) of the Companies Act, 2013. The process of implementing risk control matrix in various operational activities of the Company is not in place which results in non-evaluation of adequacy of the internal control process.

j) There is no process of obtaining balance confirmation from Co-Generation units.

k) There is no system of obtaining balance confirmation from Creditors.

l) The Company does not have a system of reconciliation of party wise payable and receivable.

m) There are no controls to prevent or detect the omission or double time or wrong accounting of transactions in the books of accounts.

n) There are no controls operating to reconcile the inter unit transactions on real time basis.

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

In our opinion, based on review of the internal control over financial reporting criteria established by the company taking into consideration the essential components of internal control stated in the Guidance Note issued by the ICAI, and the cumulative effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company did not have adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March 2021.

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 standalone financial statements of the Company as at 31st March 2021. These material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For K GOPAL RAO & CO
Chartered Accountants
FRN:000956S

CA. MADAN GOPAL NARAYANAN
PARTNER
M.NO.211784
UDIN: 23211784BGVGNH1061

For KHICHA & PRABU KESAVAN
Chartered Accountants
FRN:050108S

CA. S. MANIVANNAN
PARTNER
M.NO.201633
UDIN: 23201633BGZDQR2471

For B THIAGARAJAN & CO
Chartered Accountants
FRN:004371S

CA. RAM SRINIVASAN
PARTNER
M.NO.220112
UDIN: 23220112BGYQWY3491

For M THOMAS & CO
Chartered Accountants
FRN:004408S

CA. J P J KAMALESH
PARTNER
M.NO.201093
UDIN: 23201093BGXKSL3834

Place: Chennai
Date: 10/03/2023

M/s. K GOPAL RAO & CO
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ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of Independent Audit Report of even date to the Members of Tamil Nadu Generation & Distribution Corporation Limited

1. a) The Company maintains proper records showing full particulars including quantitative details and situation of all its PPE.

   b) No proper documents have been furnished to confirm whether physical verification of fixed assets has been carried out by the Company during the period under audit.

   c) As the complete details regarding title deeds of the immovable properties not been made available for our verification we are unable to comment on the extent to which the title deeds pertaining to immovable properties are registered in the name of the Company.

2. *The Company has not carried out physical verification of stocks of inventories of raw material including coal.*

3. In respect of loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act, 2013: According to the explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.

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M. THOMAS & CO FRN 004408S CHENNAI-4 Chartered Accountants

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, Investments, guarantees and security made.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted, raised or renewed any deposits from the public; and therefore paragraph 3(v) of the Order is not applicable.

6. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub section (1) of the section 148 of the Companies Act, 2013, in respect of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained.

7. a) According to the information and explanations given to us and as per records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other statutory dues applicable to it with the appropriate authorities except:

A. There is an undisputed pending demand of Rs.8.81 Crores towards non-remittance/delayed remittance of TDS under Income Tax Act, 1961 and consequential Interest, Fees and Penalty.

B. According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Service Tax, Value Added Tax, Goods and Service Tax and Cess which have not been deposited on account of any dispute except the following

E-Tax admitted as a pending liability by the Company to the extent of Rs.93.38 Crores.

Details of disputed Income Tax and other statutory dues pertaining to the Company and erstwhile TNEB before demerger is as under:

(i) Demands under the Income Tax Act, 1961

A. Tamil Nadu Electricity Board (TNEB)

Assessment Year	Financial Year	Status of Assessment Order	Total Demand (Rs. In Crores)
2005-06	2004-05	Final order in Form-5 under VSV Scheme is yet to be Received.	8.16
2006-07 [u/s.143(3) & 263]	2005-06	Appeals filed are pending with Hon'ble Income Tax Appellate Tribunal/Chennai.	629.22

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B. TANGEDCO

Assessment Year	Financial Year	Status of Assessment Order	Total Demand (Rs. In Crores)
2015-16	2014-15	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance portion, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/ Chennai.	1891.88
2016-17	2015-16	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/Chennai.	2281.40
2017-18	2016-17	TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.30.12.2019. Faceless hearing is under progress.	3324.44
2018-19	2017-18	Assessment Order issued by DCIT / National e-assessment Centre / Delhi on 17.04.2021. TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.17.04.2021.	346.51

(ii) Service Tax on disposal of fly ash to the extent of Rs.2.15 Crores is disputed in appeal before CESTAT.

(iii) CEGAT deposit of Rs. 0.35 Crores from 1991 onwards is kept pending for refund from Central Excise Department without proper follow up.

8. *The Company has not defaulted in repayment of loans and borrowings to Financial Institutions, banks, or dues to debenture holders except a default which lasted for 10 days for an amount of Rs.300 Crores of principal due on loan from Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.*

9. In our opinion and according to the information and explanations given to us, the Company has not made any public offer of its capital, during the year. Sufficient appropriate audit evidence regarding the utilization of amounts raised by way of term loans has not been provided to us. Consequently, we are unable to comment as to whether these have been applied for the purpose for which they were obtained.

10. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

11. In view of exemption give vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, Provision of section 197 read with schedule V of the act regarding managerial remuneration are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

13. According to the information and explanations given to us and on the basis of examination of the books of accounts and records we report that the transactions with related parties are in compliance with the provisions of Sections 177 & 188 of the Companies Act, 2013 as applicable and the details have been disclosed in the financials statement as required by the applicable accounting standards except as reported in the Audit Report.

14. According to the information and explanation given to us the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefor the provisions of clause 3(XIV) of the order are not applicable to the Company.

15. According to the information and explanations given to us and on the basis of examination of the books of accounts and records we report that the Company has not entered into any non-cash transaction with any Director or persons connected with him. Accordingly, paragraph 3(XV) of the order is not applicable.

16. The Company is not required to be registered under Section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For K GOPAL RAO & CO
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FRN:000956S

CA. MADAN GOPAL NARAYANAN
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For KHICHA & PRABU KESAVAN
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For B THIAGARAJAN & CO
Chartered Accountants
FRN:004371S

CA. RAM SRINIVASAN
PARTNER
M.NO.220112
UDIN: 23220112BGYQWY3491

Place: Chennai
Date: 10/03/2023

For M THOMAS & CO
Chartered Accountants
FRN:004408S

CA. J P J KAMALESH
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M.NO.201093
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ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of Independent Audit Report of even date to the Members of Tamil Nadu Generation & Distribution Corporation Limited

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

S. No.	Sub-Directions	Audit Remarks
1	In respect of Tuticorin Thermal Power Station, Mettur Thermal Power Station, North Chennai Power Station and Ennore Thermal Power Station, compliance of the various Pollution Control Acts and the impact thereon including utilisation and disposal of ash and the policy of the Company in this regard may be checked and commented upon.	TPS are taking all the steps to comply with the norms stipulated by GOI. And the units are keeping track of the status of steps taken to comply with the norms.

S. No.	Sub-Directions	Audit Remarks
2	Does the Company have a proper system for reconciliation of quantity /quality of coal ordered and received and whether the grade of coal, moisture content and demurrage charges paid are recorded in the books of account?	Proper measurement (weight) at various point, landing point, loading point, receipt of material at site and proper system/ record of clearly noting the shortage and proper fool proof system of internal control are not there hence we are unable to conclude that the weight as per invoice/ordered quantity and the quality is what has been received, and therefore the cost of coal vis-vis the consumption does not indicate the correct value of the material consumed.
3	Report on the efficacy of the system of billing and collection of revenue on the Company	Discrepancies were observed between the books of accounts and billing software (both LT and HT) due to absence of proper integration with respect to Security Deposit and the Interest thereon.
4	Whether the reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has been completed? The reasons for difference if any may be examined.	Reconciliation of receivables and payables between TANGEDCO and TANTRANSCO has not been fully completed.
5	Whether proper provisioning towards unutilized banked energy has been completed? The reasons for difference if any, any is examined. Further, proper accounting of the prior period expenses in the current year which relating to previous year in respect of	Yes, proper provisioning made towards unutilized banking energy. Prior period expenses relating to purchase of power are taken to respective years as prior period

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S. No.	Sub-Directions	Audit Remarks
	purchase of power may be examined.	adjustment on transition to Ind AS.
6	It may be verified whether Materials Cost Variance (MCV) relating to capital items has been charged to fixed assets / capital work in progress for completed works / capital work in progress by the Circles.	Materials Cost Variance (MCV) existing as on 31st March 2021 as on the date of transition transferred to retained earnings as Ind AS adjustment.
7	Confirmation of Debtors may be obtained and verified.	The Company has not obtained confirmation of balances from the Sundry Debtors.
8	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.	The Company's accounting system does not ensure that all the accounting transactions are processed through the IT system. There are standalone systems for each function such as payroll, online collections, coal accounting etc., These are not integrated with the accounting system meaning there is human intervention when the outputs of these independent functions are translated into the accounting system. Such conversion weakens the integrity of the accounting system and consequently weakens the financial reporting framework.
9	Whether there is any restructuring of an existing loan or cases of waive/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the	There has been no restructuring of an existing loan or waiver/write off that happened during the financial year.

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S. No.	Sub-Directions	Audit Remarks
	financial impact may be stated.	
10	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	The fund received from Central and State Governments for specified schemes are apparently used for the purposes for which they are received. But the utilization certificates are not furnished for audit.
11	It may be verified whether the compliance of Companies Act, 2013 and accordingly applicability of accounting framework and Ind AS has been followed up by the Company.	The Company has adopted Ind AS with transition date as 1st April 2019 thereby ensuring compliance of the applicable accounting framework.
12	It may be verified whether the fixed assets registers were maintained properly and updated as on date. Further, the physical verification of assets was done as on 31.03.2021 or regular interval.	The company has implemented and started maintaining a detailed Fixed Asset Register. The Company has not provided sufficient and appropriate documents to substantiate conducting of physical verification of fixed assets.
13	In respect of Employees benefit, proper system for accounting of General Provident Fund and Contributory Pension Scheme may be verified.	The Company does not contribute to General Provident Fund and Pension Scheme. A matching contribution is made for Contributory Pension Scheme. The Employee wise balances remaining in GPF/CPS account as per the physical register/pay roll software not matching with the balance available in the books of accounts of the Company.
14	The cost incurred on abandoned projects and out of this how much cost has been	No projects have been reported to be abandoned during the Financial year.

S. No.	Sub-Directions	Audit Remarks
	written off may be examined.	
15	Proper Provisioning on purchase of Energy Saving Certificate for the thermal station and gas turbine station.	Provisions are not done for the purchase of Energy Saving Certificate for the thermal station and gas turbine station. For the PAT cycle II(2016-19) energy saving certificates are purchased at KGTPS, VGTPS and TTPS.
16	It may be verified whether there is proper system of accounting with respect to Legal and Statutory Payment.	There is a proper system of accounting with respect to legal and statutory payment. But still there are certain unadjusted balances outstanding in the books of accounts of the Company under various statutory heads of accounts.
17	Whether the volume of Coal stocks piles and bulk density of coal are measured with uniform method across TPS and with Modern Technology.	The quality of the Coal both Indian and Imported are checked by Deputy Chief Chemist and Coal analysis report is given. The inspection reports are recording that the total moisture content only and no action/penalty imposed for shortage of coal both in quantity and quality.
18	Various Deposit Contribution Work completed but not yet transferred to the Distribution circles concerned may be analysed.	Accounting treatment for Deposit Contribution Work (DCW) have been dealt with in the manner provided for under Ind AS. As the asset/project wise list of DCW was not made available to us for verification, we are unable to confirm whether completed DCW based work orders have been

S. No.	Sub-Directions	Audit Remarks
	Whether depreciation is calculated as per The Companies Act 2013 Rate and accounted properly.	transferred to concerned circles. Depreciation is charged on straight line method for the estimated useful life of the asset. The useful lives have been determined based on technical evaluation done by management experts which are reviewed at the end of each reporting period. 10% is retained as the residual value.
19	The implication of all schemes (UDAY, DDUGJY, IPDS etc.) in the accounts may be covered.	The grant received in respect of schemes namely IPDS, DDUGJY, RGGVY, DRIP and UDAY are treated as deferred revenue and disclosed under non-current liabilities in the financial statements.

20	Impact of GST on the assets transferred between TANGEDCO and TANTRANSCO may be analysed.	GST is not charged on the assets transferred between TANGEDCO and TANTRANSCO.
21	Correctness of Transmission claimed by TANTRANSCO and paid by TANGEDCO may be reviewed.	Transmission charges claimed by TANTRANSCO and paid by TANGEDCO were reviewed and found it was done as per the applicable TNERC order.

For K GOPAL RAO & CO
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CA. J P J KAMALESH
PARTNER
M.NO.201093
UDIN: 23201093BGXKSL3834

Place: Chennai
Date: 10/03/2023

MANAGEMENT REPLY TO COMMENTS OF THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS (REVISED) FOR THE YEAR 2020-21.

Sl. No.	Observations of Statutory Auditors	Management Reply
1	Fair valuation exercise of Property, Plant and Equipment (PPE) carried out as on the date of transition to Ind AS i.e., 1st April 2019, based on the newly implemented detailed fixed assets register and given effect to in the financial statement for Financial Year 2020-21, the following remarks have been observed:	-
	a) Quantity, date of capitalisation and the useful life of Property, Plant and Equipment as certified by the management, the maintenance of sufficient supporting documents to corroborate the details as stated above needs strengthening.	The Fixed Asset Register has been newly created throughout TANGEDCO for the Asset category Land, Building, Other civil work, Plant & Machinery, Lines & cables duly supported with documents available with the management. Effective measures will be taken to strengthen the documentation for the Fixed Assets created in TANGEDCO.
	b) In the absence of sufficient supporting document we are unable to confirm whether physical, technical and economic obsolescence have been factored in the valuation of PPE.	In the valuation of Fixed Asset, the nature of Asset purpose, location, remaining useful life as certified by the field Engineers were appropriately taken into account and factored. Since TANGEDCO is generating and distributing the power through the distribution net work, the existence of all fixed asset is essential and thus, the physical, technical and economical obsolesces does not arise.
	c) In respect of most of the immovable properties, title deeds are not registered in the name of the Company. In addition, sufficient supporting documents for rate adopted for valuing immovable properties have not been made available. Further, documents provided for land area measurement are not matching with the	Since TANGEDCO has been functioning from 01.07.1957 by transfer from GoTN, Department, Board into Government company, the tittle deeds of the lands are either in the name of GoTN, Government department, poramboke, TNEB etc., but the

Sl. No.	Observations of Statutory Auditors	Management Reply
	measurement considered for the purpose of valuation. In the absence of adequate information, we are unable to quantify the impact of the above on the valuation of immovable properties in the nature of land.	possession of lands are with TANGEDCO. The land area occupied by the TANGEDCO wherever differ from the supporting documents available such as patta, transfer certificate, sale agreement etc., due to various reasons, measures are being arranged to be taken to regularize the title deed to be registered in the name of TANGEDCO.
	d) In respect of buildings, sufficient supporting documents to confirm the built-up area were not made available.	Most of the building in TANGEDCO were built in the past years. However, while creating the Fixed Asset Register the same has been certified by the field Engineers.
	e) In respect of Plant and Machinery, Lines, cable network, Sufficient supporting document to confirm the quantity and date of acquisition/capitalisation were not made available. In respect of the base acquisition cost, considered for arriving at the fair value, which has been obtained from the cost data book internally maintained by the management, we have not been provided with sufficient and appropriate documents to substantiate the correctness and completeness of the values given in the cost data book. The methodology adopted for valuing plant and machinery, in respect of which no values (base acquisition cost) have been provided in the cost data book, are not supported by sufficient and appropriate documents.	The quantity and date of acquisition for all Plant and Machinery, Lines and cables net work, the field engineers certificate is taken as basis. The cost data book is approved by the board of TANGEDCO every year, based on the purchase orders issued in the previous year. The details of purchase orders material wise were compiled and considered which appearing as the cost data for the materials utilized in creation of Plant and Machinery and lines & cables. While valuing the Plant and Machinery for which no cost data is available, the bench marking valuation methodology based on industrial norms has been adopted.
	f) In respect of additions made to PPE during Financial Year 2019-20 and 2020-21, the Company has adopted the same fair	Since the company has accounted the addition/deletion in the Asset account heads in a combined

Sl. No.	Observations of Statutory Auditors	Management Reply
	valuation method adopted for the transition date i.e. 1st April 2019 instead of actual cost incurred in respect of such additions.	manner instead of asset component wise, the actual cost incurred for each Asset components could not be ascertained and cost data as approved by the board has been taken as base and arrived the acquisition cost for the assets added during 2019-20 and 2020-21.
	g) The Company has capitalized contingencies (1%), labour and transport (15%), establishment and supervision (15%) and interest during construction (IDC) and other overheads (14.59% / 32.62%), to the base acquisition cost of each asset/component of asset except land and buildings. In addition, these percentages have been applied on a cumulative basis in the sequence mentioned above on the base acquisition cost for arriving at the fair value as on 1st April 2019 as well as additions made during Financial Year 2019-20 and 2020-21. The Company has not furnished any supporting document to substantiate these percentages as well as the manner of applying these percentages on cumulative basis.	While carrying out the Fair valuation exercise the company has adopted the material cost, labour and transport cost establishment and supervision charges, IDC and other over heads based on the construction period on average basis for Generation Assets, Distribution Asset etc., These additional percentage adopted on a cumulative basis is conventionally adopted by the management.
	h) Detailed list and computations in respect of Profit/Loss on sale of disposed assets have not been made available and consequently unable to ascertain the impact of such disposals on the statement of profit and loss for the year ended and PPE balances thereon. In light of the above observations stated in para 1(a) to (g) we are unable to comment on the accuracy of the value of PPE and the consequential impact on the statement of profit and loss.	The sales of disposed assets are being taken up on lot basis as scrap and the excess or short over the book value was accounted as profit or loss in the year in which disposed off.
2	In respect of Capital Work In Progress (CWIP) balance as at 31st March 2021:	

Sl. No.	Observations of Statutory Auditors	Management Reply
	a) Several work orders have been completed as on 31st March 2021 and form part of CWIP balances in the books whereas such completed work orders have been considered as part of PPE at the time of transition to IND AS. Consequently, the CWIP balance in respect of these work orders may be overstated.	The work orders which are completed, but available as work in progress will be reviewed and dealt with appropriately.
	b) Scheme wise registers for CWIP are not being maintained.	Efforts will be taken up for scheme wise Registers for capital work orders in each circles.
	c) Material cost included in CWIP are at standard rate and not at actual cost.	The capital work in progress related to generation projects are accounted on actual cost basis, which is forming majority of CWIP balances. Only the capital work orders operated in the distribution circles this standard rate (as per the cost data approved by the management) is adopted as conventional methodology.
	d) Revenue expenses pertaining to earlier years have been capitalized and included as part of CWIP balances.	The CWIP balance consists of material cost as well as over heads allocation and IDC which would be settled on the completion of relevant fixed asset.
	e) Work order wise details in respect of CWIP balance as at 31st March 2021 has not been made available and therefore, we are unable to comment on the completeness and accuracy of the same.	The analysis of CWIP balances has to be carried out in the circles, and the work order wise details need to be arrived. Steps will be taken up in reconciling the CWIP balance.
	f) Reference is drawn to Note 4(a) of the financial statements pertaining to PPE balances where the movement of CWIP, both additions to CWIP and transfers/disposal during the year have not been adequately disclosed. In the absence of proper information and explanation from management, we are unable to confirm the	In the note 4(a) the net additions to CWIP has been disclosed as per the financials. In the absence of work order details for the CWIP balance, the actual addition and transfer to fixed asset could not be disclosed in the note 4 (a).

Sl. No.	Observations of Statutory Auditors	Management Reply
	correctness of the said disclosures.	
3	The closing stock value of coal includes estimated figures of ocean freight component which Is not In accordance with applicable Ind AS-2.	Since the actual bills of ocean freight claimed by company belatedly, quarterly weighted average rate of coal is arrived based on estimated contracted quantity of coal transported. However, the actual ocean freight and estimated rate are varying within meagre range of 2% to 3% and in the overall coal rate it is much more meagre.
4	Complete details for value of capital spares have not been provided and therefore we are unable to comment on the correctness of value of capital spares given in the financial statement.	The Capital spares in the generating stations are considered at book value.
5	The valuation of other inventories (other than coal) has been made on the basis of latest purchase order rate which is not in accordance with Ind AS-2.	The valuation of closing stock of materials is based on the latest purchase orders issued to lowest quoting suppliers. As such, the purchase rate is lesser than market price.
6	The Company has not reconciled the differences between the value of security deposits as per separate billing software and books of accounts and consequent impact on such balances and statement of profit and loss for any shortfall/excess of interest on such deposits is not ascertainable.	Efforts are being taken to reconcile the differences between Billing software and Records on consumers which will be sorted out in 2021-22. However, provision of interest got rectified as and when actual interest liability arrived, as prior period items, in subsequent years.
7	The Company's books of account have not been reconciled with the reported values of Turnover/Input Tax Credit availed under the GST Act. The quantum is not ascertainable as also the corresponding liability if any.	The Turnover as per books of Accounts will be matched with Turnover as per GST returns only after completion of GST audit for the FY 2020-21. But the liability of GST are being remitted in full based on reports compiled from circles, duly filing GSTR 3B.

Sl. No.	Observations of Statutory Auditors	Management Reply
8	The collections from consumers through online payment gateways which are deposited into designated bank accounts have not been reconciled with books of account.	Amidst huge volume of online collection transactions, mismatch of collections details between 45 modes of collections and company Books are under meticulous follow-up with respective bankers which is under reconciliation process.
9	The Company does not comply with Provident Fund and Miscellaneous Provisions Act, 1952. The Company has not invested the employee contributions to various terminal benefit funds such as Family Benefit Funds, General Provident fund, Contributory Pension Scheme along with Company's matching contributions in an independent entity.	
10	In the absence of documents and information substantiating the validation of employees and pensioners master data, we are unable to confirm the completeness and accuracy of such data provided to the actuary for valuing gratuity liability, pension liability, earned leave liability, leave on private affairs liability. Consequently, we are unable to confirm the accuracy of provision for employee benefits.	The company has created employees liability based on actuarial valuation report for the 1st time. The employees and Pensions master data as available and certified by management have been compiled and submitted to the actuarial consultant.
11	The staff wise balances of General Provident Fund (GPF) / Contributory Pension Scheme (CPS) as maintained in the physical registers/Payroll software not matching with the books of accounts and in the absence of adequate information the amount of difference could not be quantified and the accuracy of interest liability recognized in the financial statement of the Company could not be confirmed.	Efforts are being taken to reconcile the differences between Billing software and Records on employees GPF / CPS broad sheet, which will be sorted out in 2021-22, through ERP. However, provision of interest got rectified as and when actual interest liability arrived, as prior period items, in subsequent years.
12	Borrowing cost capitalized for additions made to PPE during the Financial Years 2019-20 and 2020-21 is not in accordance with the measurement principles contained	The borrowing cost for addition made to PPE during 2019-2020,2020-2021 is made based on weighted average rate of the

Sl. No.	Observations of Statutory Auditors	Management Reply
	in IND AS-23.	borrowings of TANGEDCO.
13	(a) Reference is drawn to Note 11 regarding unreconciled balance of Rs. 135.32 Crores with TANTRANSCO as at the year end.	Steps are being taken to reconcile Inter company balances with TANTRANSCO.
	(b) Reference is drawn to Note 13 regarding an amount of Rs. 543.31 Crores shown under other current assets representing unreconciled inter unit balances.	The process of reconciliation is consistently carried out by all the account rendering units, by which the differences are being further narrowed down.
14	Reference is drawn to Note 9 regarding Trade Receivables which includes unreconciled receivables from HT & LT consumers. Consequently, we are unable to confirm the correctness of Trade Receivables balance.	Efforts will be taken to reconciled the un reconciled receivables from HT & LT consumers.
15	The Company has not made available the list of vendors who are categorised as MSME and registered under MSMED Act, 2006. So we are unable to ascertain whether the Company has complied with the provisions of MSMED Act to any of the transactions including settlement of dues within the time limits prescribed under that Act and also payment/provision of prescribed interest for delayed settlements.	The data on suppliers as required under MSME Act would be complied while implementation of ERP.
16	Value of employee wise loans and advances given does not match with the balance available in the books of accounts of the Company.	Reconciliation would be done and uploaded into ERP and sorted out.
17	Balance confirmation in respect of advance payments made to coal suppliers have not been provided.	In view of huge volume of transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with.
18	Document approving the rebate on power purchase bills availed valuing Rs.28.69 Crores have not been provided.	The LPSC payable to the Generator has been worked out after considering the COVID-19 Rebate, on reconciliation with the generators the ineligible rebate claimed if any would be refunded.
	Amount of Rs. 294.93 Crores being part of	As per the Hon'ble madras High

Sl. No.	Observations of Statutory Auditors	Management Reply
19	trade receivables from Puduchery Electricity department which is not recoverable has not yet been written off.	Court order supply of power to Puducherry Electricity Department is not a HT Service. The management decided not to file any appeal against this order. Hence the demand to the tune of Rs.294.93 crores towards Low power factor charges will be written off.
20	The Company has not recognized the following liabilities in the accompanying financial statements:	
	Impact of Frauds and Embezzlements detected in preceding years quantified at Rs.2.76 Crores.	As a company policy, the recovery of dues towards embazzlements / thefts are fixed with the concerned staff in charge and civil / criminal proceedings are being taken to recover the loss, if any and duly disclosed in notes. Appropriate civil / criminal case is pending against the concerned staff.
	a) Interest claim of the parties for the delayed settlement of dues towards Power Purchase – Surcharge – Rs.3901.38 Crores.	As per the policy of the Corporation, the Late Payment Surcharges (LPSC) for the delayed payment will be provided as Contingent liability, since the dues were subject to reconciliation. Whenever the LPSC is finalized with the company, the same will be accounted in the respective financial year. Accordingly, the LPSC to the tune of Rs.2426.95 Crores upto 31.3.2021 to the Power generators has been paid during the FY 2021-22 and accounted. The liability on LPSC remaining unreconciled to the tune of Rs.1627.26 Crores has been disclosed as contingent liability.
	b) Water Cess payable to TN Pollution Control Board up to 31.03.2021 Rs.686.37 Crores.	Proposal seeking exemption from water Cess payable to TN Pollution Control is under active consideration with Govt.

Sl. No.	Observations of Statutory Auditors	Management Reply
	c) Lease rent payable to TN Forest department – Rs.563.48 Crores.	Negotiation is being conducted to reassess the quantum of arrears of lease rent, with Forest Department / GOTN.
	d) Lease rent payable to Port – Rs.158.02 Crores	Negotiation is being conducted to reassess the quantum of dues to port authorities.
	e) Liability for default in remittance and delayed remittance of Tax Deduction liabilities under the Income Tax Act, 1961 - Rs.8.81 Crores.	TDS defaults in several TANs maintained by circles are being rectified through special drive and gradually reduced. Admissible liabilities are settled by remittance by circles and accounted accordingly.
	f) Grade slippage bills received amounting to Rs.14.05 Crores.	On reconciliation with the Coal suppliers this will be sorted out.
20	The Company has not prepared and annexed a Consolidated Financial Statement of its accounts with Udangudi Power Corporation Limited, NTPC Tamilnadu Energy Company Ltd., (NTECL) and NLC Tamilnadu Power Ltd., (NTPL) which is not in accordance with Companies Act, 2013.	Udangudi Power Corporation Ltd is under merger process and the legal formalities are going on. Thus the financials of UPCL is not consolidated. Joint Venture companies- NTECL and NTPL are maintain their books of accounts as per the Indian Accounting Standards. Since TANGEDCO has not prepared the financial statements in accordance with Ind AS, the consolidated financial statement of accounts could not be prepared.

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Basis of Qualified Opinion

Sl. No.	Observations of Statutory Auditors	Management Reply
a.	There is ineffective supervision over the Company's internal financial controls over financial reporting by those charged with governance.	Effective measures were taking to strengthen the internal financial control through implementation of SAP ERP for accounting process.
b.	The Company does not have an internal audit system as required under Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, commensurate with the nature and size of its operations thereby impeding timely detection of errors, defects and frauds.	Effective measures will be taken for strengthen the internal control system.
c.	The Company needs to strengthen its internal control system including documentation process in respect of PPE for time of capitalization, cost capitalized and physical verification and consequent identification of losses, damages and impairment.	Fixed assets registers was created and uploaded in SAP ERP for FY 2020-21 for first time under IND AS. Modalities for fixed assets physical verification is being arrived in the company. However, effective control is in force against any loss, damage, or misappropriation, to safeguard assets of the company. All the title deeds of lands procured by TANGEDCO are intact and furnished to Audit. In case of lands possessed by TANGEDCO from the formation of Electricity Board through transfers from Government, documentary trails will be created with support of Government.
d.	The Company does not have an adequate internal control system with regard to the reconciliation of quality and quantity of coal ordered and received.	Effective steps will be taken to the strengthen the internal control system.

Sl. No.	Observations of Statutory Auditors	Management Reply
e.	The Company does not have any system to translate a transaction into an accounting entry to ensure that the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles.	Under ERP regime, the accounting as well as financial reporting is in accordance with generally accepted accounting standards, practices and principles will be ensured.
f.	The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group entities which is yet to be completed as on date.	The Company is in the process of reconciling the differences in the reported balance as per its books of account with its group which are under reconciliation
g.	Lack of integration of processes between various functions such as revenue billing, payroll processing, material accounting, coal accounting, online collections with the Company's book-keeping results in human intervention for which the internal controls are deficient.	Efforts will be taken to integrate the processes.
h.	The Company's supervision and control over the online collections is deficient resulting in excess collections reported by banks.	Amidst huge volume of online collection transactions, mismatch of collections details between 45 modes of collections and company Books are under meticulous follow-up with respective bankers which is under reconciliation process.
i.	There was no evaluation of internal financial controls and risk management systems by the Company as required by section 177(4) (vii) of the Companies Act, 2013. The process of implementing Risk Control Matrix in various operational activities of the Company is not in place which results in non-evaluation of adequacy of the internal control process.	The evaluation of Internal Financial Controls will be taken up and ensured in the regular operational activities.
	There is no process of obtaining	In view of huge volume of

Sl. No.	Observations of Statutory Auditors	Management Reply
j.	balance confirmation from Co-Generation units.	transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with in future.
k.	There is no system of obtaining balance confirmation from Creditors.	In view of huge volume of transactions, confirmation of advance balance are not obtained from such companies. The practice would be complied with in future.
l.	The Company does not have a system of reconciliation of party wise payable and receivable.	Efforts will be taken to reconcile the party wise payable and receivable.
	a) There are no controls to prevent or detect the omission or double time or wrong accounting of transactions in the books of accounts.	In ERP, wrong accounting of transactions would be prevented.
	b) There are no controls operating to reconcile the inter unit transactions on real time basis.	The process of reconciliation is consistently carried out by all the account rendering units, by which the differences are being further narrowed down, will be completely reconciled under ERP regime.

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Sl. No	Observations of Statutory Auditors	Management Reply
1	a) The Company maintains proper records showing full particulars including quantitative details and situation of all its PPE.	Start maintaining the Fixed Asset Register from FY 2020-21.
	b) No proper documents have been furnished to confirm whether physical verification of fixed assets has been	Modalities for fixed assets physical verification is being arrived in the company. However, effective control

Sl. No	Observations of Statutory Auditors	Management Reply
	carried out by the Company during the period under audit.	is in force against any loss, damage, or misappropriation, to safeguard assets of the company.
	c) As the complete details regarding title deeds of the immovable properties not been made available for our verification we are unable to comment on the extent to which the title deeds pertaining to immovable properties are registered in the name of the Company.	All the title deeds of lands procured by TANGEDCO are furnished to Audit. In case of lands possessed by TANGEDCO from the formation of Electricity Board through transfers from Government, documentary trails wherever not available, will be created with support of Government.
2	The Company has not carried out physical verification of stocks of inventories of raw material including coal.	The physical verification of Inventories are being conducted on all the stores duly carried out by an exclusive stores wing. Based on the report any excess / short were also taken care in the books of accounts by the circles.
3	The company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other statutory dues applicable to it with the appropriate authorities **except:** **Report on Other Legal and Regulatory Requirements'**	
	i) There is an undisputed pending demand of Rs.8.81 Crores towards non-remittance/delayed remittance of TDS under Income Tax Act, 1961 and consequential Interest, Fees and Penalty.	TDS defaults in several TANs maintained by circles are being rectified through special drive and gradually reduced. Admissible liabilities are settled by remittance by circles and accounted accordingly.
	ii) E-Tax admitted as a pending liability by the Company to the extent of Rs.93.38 Crores.	TANGEDCO is playing the role of Collection Agent to GOTN for E.Tax. As the E-Tax is under recovery process through court proceedings, and the liability under the account head 46.301 E-tax payable to Government has already been provided as a contra to the receivable. Hence, the provision for long pending receivable need not be created.

Sl. No	Observations of Statutory Auditors	Management Reply
	iii) Details of disputed Income Tax and other statutory dues pertaining to the Company and erstwhile TNEB before demerger is as under: a) Demands under the Income Tax Act, 1961	Under the SABKA VISHWAS Scheme Board of TANGEDCO as availed and sorted out the demand.
	b) Service Tax on disposal of fly ash to the extent of Rs.2.15 Crores is disputed in appeal before CESTAT.	Since the issue is under dispute and appeal in CESTAT, the same has been shown under contingent liability.
	c) CEGAT deposit of Rs. 0.35 Crores from 1991 onwards is kept pending for refund from Central Excise Department without proper follow up.	Appropriate legal process will be undertaken to sort out the issue.
4.	The Company has not defaulted in repayment of loans and borrowings to Financial Institutions, banks, or dues to debenture holders except a default which lasted for 10 days for an amount of Rs.300 Crores of principal due on loan from Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.	Due to insufficient of funds, TANGEDCO was not able to pay on the due date. However, TNPFC being owned by GoTN, thus would not have adverse impact. Management ensure that this delay will be avoided in future.

Tamil Nadu Generation and Distribution Corporation Limited
Balance Sheet as at 31 March 2021 (Revised)

(in INR crores)

Particulars	Note	31 March 2021	31 March 2020	1 April 2019
ASSETS				
Non-current assets				
Property, plant and equipment	4(a)	58,995.04	61,296.72	61,192.24
Capital work-in-progress	4(a)	33,504.70	26,578.81	19,868.48
Investment property	4(b)	58.27	58.27	58.27
Other intangible assets	4(c)	0.13	0.13	0.13
Intangible assets under development	4(c)	39.91	0.53	-
Financial assets				
(i) Investments	5	1,744.20	1,735.91	1,735.91
(ii) Other financial assets	6	2,328.32	2,265.66	1,725.34
Other non-current assets	7	220.19	681.04	87.83
Total non-current assets		**96,890.76**	**92,617.07**	**84,668.20**
Current assets				
Inventories	8	2,151.69	2,297.03	2,041.47
Financial assets				
(i) Trade receivables	9	7,196.24	6,540.29	6,145.19
(ii) Cash and cash equivalents	10	4,110.89	2,199.62	1,239.09
(iii) Other financial assets	11	19,830.97	16,597.04	14,788.70
Current tax assets	12	20.43	11.12	10.29
Other current assets	13	819.52	533.20	356.96
Total current assets		**34,129.74**	**28,178.30**	**24,581.70**
TOTAL ASSETS		**1,31,020.50**	**1,20,795.37**	**1,09,249.90**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	14	20,057.87	20,057.87	19,778.89
Other equity	15	(1,33,657.80)	(1,25,475.33)	(1,11,920.32)
Total equity		**(1,13,599.93)**	**(1,05,417.46)**	**(92,141.43)**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	16	1,01,203.71	82,560.68	74,452.09
(ii) Others	17	4,919.91	4,283.99	3,866.37
Provisions	18	34,515.64	35,275.68	31,762.99
Other non-current liabilities	19	6,005.23	10,572.16	14,527.99
Total non-current liabilities		**1,46,644.49**	**1,32,692.51**	**1,24,609.44**

KHICHA & PRABU KESAVAN CHARTERED ACCOUNTANTS 530, 2nd Floor, Vysial Street, COIMBATORE 641 001

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M. THOMAS & CO Chartered Accountants FRN 004408S CHENNAI-4

B. THIAGARAJAN & CO CHARTERED ACCOUNTANTS Old # 15 New # 24 Yogambal Street T. Nagar Chennai-17

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Tamil Nadu Generation and Distribution Corporation Limited
Balance Sheet as at 31 March 2021 (Revised)

(in INR crores)

Particulars	Note	31 March 2021	31 March 2020	1 April 2019
Current liabilities				
Financial liabilities				
(i) Borrowings	20	21,003.83	16,075.27	7,338.00
(ii) Trade payables	21	27,371.50	31,199.21	25,464.57
(iii) Other financial liabilities	22	41,611.23	39,232.82	37,940.22
Provisions	23	4,473.62	4,339.21	3,937.36
Other current liabilities	24	3,515.76	2,673.81	2,101.74
Total current liabilities		**97,975.94**	**93,520.32**	**76,781.89**
TOTAL EQUITY AND LIABILITIES		**1,31,020.50**	**1,20,795.37**	**1,09,249.90**

See accompanying notes to the financial statements

V. Savitha
(Chief Financial Controller / Ind AS)

K. Sundaravadhanam
(Director/Finance
& Company Secretary)
DIN: 08268023

Rajesh Lakhoni
(Chairman cum
Managing Director)
DIN: 01288879

As per our report of even date

For Khicha & Prabhu Kesavan
Chartered Accountants
Firm No. 050108S

(CA S. Manivannan)
Partner
M. No. 201633

Place: Chennai
Date : 10.03.2023

KHICHA & PRABHU KESAVAN 530, 2nd Floor, Vysial Street, COIMBATORE 641 001. CHARTERED ACCOUNTANTS

For K. Gopal Rao & Co.
Chartered Accountants
Firm No. 000956S

(CA Madan Gopal Narayanan)
Partner
M. No. 211784

K. GOPAL RAO & CO. #21, Moosa St. T.Nagar, Chennai-17. Tel: 45522032 FRN: 000956S CHARTERED ACCOUNTANTS

For M. Thomas & Co.
Chartered Accountants
Firm No. 004408S

(CA J.P.J. Kamalesh)
Partner
M. No. 201093

M. THOMAS & CO FRN 004408S CHENNAI-4 Chartered Accountants

For B. Thiagarajan & Co.
Chartered Accountants
Firm No. 004371S

(CA Ram Srinivasan)
Partner
M. No. 220112

Tamil Nadu Generation and Distribution Corporation Limited
Statement of Profit and Loss for the year ended 31 March 2021 (Revised)

(in INR crores)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	25	48,909.06	49,002.82
Other income	26	5,658.61	5,404.86
Total income		**54,567.67**	**54,407.68**
Expenses			
Cost of power purchase	27	34,178.40	33,972.01
Cost of power generation	28	5,565.98	8,525.94
Employee benefit expenses	29	7,388.74	5,584.15
Finance costs	30	10,942.69	8,922.83
Depreciation and amortization expenses	31	3,876.92	3,792.31
Other expenses	32	1,073.46	977.80
Total expenses		**63,026.19**	**61,775.04**
Profit (loss) before tax		**(8,458.52)**	**(7,367.36)**
Tax expense:	33		
Current tax		-	-
Deferred tax		-	-
Profit (loss) for the year		**(8,458.52)**	**(7,367.36)**
Other comprehensive income			
Items not reclassified to profit or loss			
Remeasurement of defined benefit plan		275.57	(6,187.97)
Income tax relating to items that will not be reclassified to profit or loss (net)		-	-
Total other comprehensive income for the year		**275.57**	**(6,187.97)**
Total comprehensive income for the year		**(8,182.95)**	**(13,555.33)**
Earnings per equity share	34		
Basic		(4.22)	(3.71)
Diluted		(4.22)	(3.71)

See accompanying notes to the financial statements

V. Savitha
(Chief Financial Controller / Ind AS)

K. Sundaravadhanam
(Director/Finance
& Company Secretary)
DIN: 08268023

Rajesh Lakhoni
(Chairman cum
Managing Director)
DIN: 01288879

As per our report of even date

For Khicha & Prabhu Kesavan
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M. No. 201633

For K. Gopal Rao & Co.
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Firm No. 000956S

(CA Madan Gopal Narayanan)
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Partner
M. No. 201093

For B. Thiagarajan & Co.
Chartered Accountants
Firm No. 004371S

(CA Ram Srinivasan)
Partner
M. No. 220112

Place: Chennai
Date : 10.03.2023

Tamil Nadu Generation and Distribution Corporation Limited
Statement of Cash Flows for the year ended 31 March 2021 (Revised)

(in INR crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Net profit before tax	(8,458.52)	(7,367.36)
Adjustments for:		
Depreciation and amortization	3,899.62	3,815.70
Interest income	(166.99)	(160.34)
Finance costs	10,942.69	8,922.83
Transfer to other reserves	0.48	0.32
Reversal of impairment loss	(2.80)	(5.69)
Operating profit before working capital changes	**6,214.48**	**5,205.46**
Working capital adjustments:		
(Increase) decrease in inventories	145.35	(255.56)
(Increase) decrease in trade receivables	(655.95)	(395.10)
(Increase) decrease in other financial assets	(3,233.93)	(1,808.34)
(Increase) decrease in current tax assets	(9.31)	(0.83)
(Increase) decrease in other current assets	(286.33)	(176.24)
Increase (decrease) in other non-current liabilities	(4,566.93)	(3,955.83)
Increase (decrease) in trade payables	(3,827.71)	5,734.64
Increase (decrease) in other financial liabilities	1,155.15	2,468.88
Increase (decrease) in other current liabilities	841.95	572.07
Increase (decrease) in provisions	(351.98)	(2,214.93)
Cash generated from operations	**(4,575.21)**	**5,174.22**
Income taxes paid (net)	-	-
Net cash flow from (used in) operating activities (A)	**(4,575.21)**	**5,174.22**
Cash flow from investing activities		
Capital expenditure on property, plant and equipment, including capital advances, intangible assets and investment property	(1,165.11)	(4,604.87)
Acquisition or construction of capital work-in-progress	(6,925.89)	(6,710.33)
Acquisition or construction of intangibles under development	(39.38)	(0.53)
Sale of property, plant and equipment	30.82	97.17
Purchase of investments	(8.29)	-
Investment in fixed deposits	(63.02)	(615.78)
Commitment advance paid towards projects	2.28	16.96
Interest income	166.99	160.34
Net cash flow from (used in) investing activities (B)	**(8,001.60)**	**(11,657.04)**

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M. THOMAS & CO FRN 004408S CHENNAI-4 Chartered Accountants

Tamil Nadu Generation and Distribution Corporation Limited
Statement of Cash Flows for the year ended 31 March 2021 (Revised)

(in INR crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from financing activities		
Net receipts from / repayment of borrowings	25,430.77	16,087.20
Proceeds from issue of equity share capital	-	278.98
Finance costs	(10,942.69)	(8,922.83)
Net cash flow from (used in) financing activities (C)	**14,488.08**	**7,443.35**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**1,911.27**	**960.53**
Cash and cash equivalents at the beginning of the year	2,199.62	1,239.09
Cash and cash equivalents at the end of the year	**4,110.89**	**2,199.62**
Reconciliation of cash and cash equivalents as per statement of cash flows		
Cash and cash equivalents		
Balances with banks		
Balance in current account	3,954.78	1,963.27
Cheques and drafts on hand	74.56	72.46
Cash on hand	81.55	163.89
	4,110.89	**2,199.62**

See accompanying notes to the financial statements

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(Chief Financial Controller / Ind AS)

K. Sundaravadhanam
(Director/Finance
& Company Secretary)
DIN: 08268023

Rajesh Lakhoni
(Chairman cum
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(CA J.P.J. Kamalesh)
Partner
M. No. 201093

For B. Thiagarajan & Co.
Chartered Accountants
Firm No. 004371S

(CA Ram Srinivasan)
Partner
M. No. 220112

Place: Chennai
Date : 10.03.2023

Tamil Nadu Generation and Distribution Corporation Limited
Statement of Changes in Equity for the year ended 31 March 2021 (Revised)

(in INR crores)

A. Equity share capital

Particulars	No. of Shares	Amount
Balance as at 1 April 2019	19,77,88,92,273	19,778.89
Changes in equity share capital during the year	-	-
Add: Issued during the year	27,89,80,000	278.98
Balance as at 31 March 2020	**20,05,78,72,273**	**20,057.87**
Balance as at 1 April 2020	20,05,78,72,273	20,057.87
Changes in equity share capital during the year	-	-
Add: Issued during the year	-	-
Balance as at 31 March 2021	**20,05,78,72,273**	**20,057.87**

B. Other equity

Particulars	Reserves and surplus		Total
	Retained earnings	Other reserves	
Balance as at 1 April 2019	(1,11,927.73)	7.41	(1,11,920.32)
Profit / (loss) for the year	(7,367.36)	0.32	(7,367.04)
Other comprehensive income:			
Remeasurement gain / (loss) of defined benefit plans, net of tax	(6,187.97)	-	(6,187.97)
Balance as at 31 March 2020	**(1,25,483.06)**	**7.73**	**(1,25,475.33)**
Balance as at 1 April 2020	**(1,25,483.06)**	**7.73**	**(1,25,475.33)**
Profit / (loss) for the year	(8,458.52)	0.48	(8,458.04)
Other comprehensive income:			
Remeasurement gain / (loss) of defined benefit plans, net of tax	275.57	-	275.57
Balance as at 31 March 2021	**(1,33,666.01)**	**8.21**	**(1,33,657.80)**

See accompanying notes to the financial statements

V. Savitha
(Chief Financial Controller / Ind AS)

K. Sundaravadhanam
(Director/Finance & Company Secretary)
DIN: 08268023

Rajesh Lakhoni
(Chairman cum Managing Director)
DIN: 01288879

As per our report of even date

For Khicha & Prabhu Kesavan
Chartered Accountants
Firm No. 050108S

(CA S. Manivannan)
Partner
M. No. 201633

For K. Gopal Rao & Co.
Chartered Accountants
Firm No. 000956S

(CA Madan Gopal Narayanan)
Partner
M. No. 211784

For M. Thomas & Co.
Chartered Accountants
Firm No. 004408S

(CA J.P.J. Kamalesh)
Partner
M. No. 201093

For B. Thiagarajan & Co.
Chartered Accountants
Firm No. 004371S

(CA Ram Srinivasan)
Partner
M. No. 220112

Place: Chennai
Date : 10.03.2023

1. Corporate information

Tamil Nadu Generation and Distribution Corporation Limited ("the Company" or "TANGEDCO") is domiciled in India and incorporated on 1 December 2009 under the provisions of the Companies Act, 1956.

The Company is a subsidiary of TNEB Limited ("TNEB"), a government of Tamil Nadu undertaking. 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 generation and distribution of power throughout 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.

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

As these are the Company's first financial statements prepared in accordance with Ind AS, Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 66.

These financial statements were approved for issue by the Board of Directors on 10 March 2023.

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

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

d. Use of estimates and judgements

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

Judgements

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

- Note 3(a) - direct overheads attributable to Property, Plant and Equipment ("PPE");
- Note 3(i) - leases: whether an arrangement contains a lease;
- Note 3(i) - lease classification;
- Note 3(d) - determination of non-current asset held for sale.

Assumptions and estimation uncertainties

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

- Note 3(a) - useful lives of PPE;
- Note 3(d) - determination of fair value less cost to sell of the disposal group on the basis of significant unobservable inputs.
- Note 3(f) - determination of Effective Interest Rate ("EIR");
- Note 3(f) and Note 3(h) - impairment of financial and non-financial assets;
- Note 3(f) - estimation of expected credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument;
- Note 3(i) - measurement of defined benefit obligations; key actuarial assumptions;
- Note 3(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;

- Note 3(q) - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

e. Measurement of fair values

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

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

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

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

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

f. Current and non-current classification

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

<u>Assets</u>

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

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of trading;

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

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

Liabilities

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

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

b) it is held primarily for the purpose of trading;

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

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

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

3. Significant accounting policies

a. Property, plant, and equipment

i. Initial recognition and measurement

PPE 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 PPE are measured at cost, less accumulated depreciation, and accumulated impairment losses, if any.

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

In case of generating circles, the assets are constructed by respective circles. But, in case of distribution circles, the assets are constructed either by General Construction Circles ("GCCs") or by respective circle itself.

In cases where the assets are constructed by GCCs, the entire cost of (such as their staff expenses, administrative expenses, etc) gets allocated to the asset constructed in proportion to the total cost of assets constructed during the year. However, in case the assets are constructed by the respective circles, the 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 PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Items of spare parts, stand-by equipment and servicing equipment which meet the definition of PPE are capitalized. Consumable spare parts are carried as inventory and recognized in the Statement of Profit and Loss on consumption.

On transition to Ind AS, the Company has elected to fair value the major class of assets existing as on the date of transition and consider it as their deemed cost of such PPE in accordance with Ind AS 101.

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalised when it meets the asset recognition criteria as per Ind AS 16.

The cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PPE are recognised in Statement of Profit and Loss as incurred.

iii. Depreciation

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

The useful lives have been determined based on technical evaluation done by the management expert's thus, the management believes that its estimates of useful lives as given below best represent the period over which management expects to use these assets. The Company depreciates assets up to 90% of the cost of the asset and 10% is retained as the residual value.

The estimated useful lives of items of PPE for the current and comparative periods are as follows:

S. No.	Asset category	Estimated useful life
1	Buildings	27-57 years
2	Hydraulic works	27-36 years
3	Other civil works	27-57 years

S. No.	Asset category	Estimated useful life
4	Plant and machinery	17 years
5	Line, cables net works	17-41 years
6	Vehicles	9 years
7	Furniture & fixtures	14 years
8	Office equipments	14 years
9	IT equipments - computers & peripherals	6 years

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

iv. De-recognition

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

v. Capital work-in-progress

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

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and the borrowing costs attributable to the acquisition or construction of qualifying asset.

In cases where the assets are constructed by GCCs, the entire cost of (such as their staff expenses, administrative expenses, etc) gets allocated to the asset constructed in proportion to the total cost of assets constructed during the year. However, in case the assets are constructed by the respective circles, the 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 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 recognised in the Statement of Profit and Loss.

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

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

On transition to Ind AS, the Company has elected to fair value the investment property existing as on the date of transition and consider it as their deemed cost of such investment property in accordance with Ind AS 101.

c. Other Intangible Assets

i. Initial Recognition and measurement

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

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

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it related and when the cost can be measured reliably. All other expenditure is recognized in the Statement of Profit and Loss as incurred.

iii. Amortization

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

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

iv. Derecognition

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

d. Non-current asset or disposal group held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered primarily through a sale transaction rather than through continuing use.

This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. As at each balance sheet date, the management reviews the appropriateness of such classification.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Company's accounting policies. Losses on initial recognition as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets, PPE, and investment properties are no longer amortized or depreciated.

e. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Cost of inventories are determined after deducting any rebates and discounts. Spares (not meeting the definition of PPE) are accounted as inventory and expensed to the Statement of Profit and Loss when issued for consumption.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and selling expenses.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where the material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

The Company accounts for any shortfall in inventory on account of loss incurred during transit, handling or natural loss associated with the inherent nature of the inventory as a charge to Statement of Profit and Loss.

The comparison of cost and net realizable value is made on an item-by-item basis.

f. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The 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.

Subsequent measurement

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

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

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

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

Financial assets that meet the following conditions are subsequently measured at amortised cost using effective interest rate method ("EIR") (except for debt instruments that are designated as at Fair Value through Profit or Loss ("FVTPL") on initial recognition):

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

Amortised cost of a financial asset means the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR.

Financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A financial asset is measured at Fair Value through OCI ("FVTOCI") if both of the following conditions are met:

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at FVTOCI. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at

FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party or when it has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity, is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

ii. Financial liabilities and equity instruments

Initial recognition and measurement

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument as per Ind AS 32, *Financial instruments: Presentation.*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost.

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

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

Subsequent measurement

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

Financial liabilities at amortized cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the EIR.

Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the Statement of Profit and Loss.

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

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

Financial liabilities at fair value through profit or loss:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if these are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss.

The Company has not designated any financial liability at FVTPL.

Derecognition

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

g. Investment in subsidiaries, jointly controlled entities and associates

Investment in subsidiaries, jointly controlled entities and associates are measured at cost less impairment as per Ind AS 27, *Separate Financial Statements*. The cost comprises price paid to acquire investment and directly attributable cost, if any.

Impairment of investments:

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the investment. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

h. Impairment

i. 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 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. 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 Transmission Corporation Limited ("TANTRANSCO"). Based on the Company's policy, the Company recognises 6/7th 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. Short term employee benefits comprise of wages, salaries, incentives, short term leave salary etc.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation other than contribution payable to the fund.

The 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 (PUCM). When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

iv. Other long-term employee benefits

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

The actuarial calculation is performed annually by a qualified actuary using the PUCM. 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.

j. Revenue

Company's revenues arise from sale of power, wheeling charges and other operating income. Revenue from other income comprises interest from banks, sale of scrap, grant and subsidies from government, rebate on power purchase bill, other miscellaneous income, etc.

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

i. Sale of power

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

Revenue from sale of power is recognized based on the assessment of units consumed by consumer and are billed at the rates for distribution tariff notified by Tamil Nadu Electricity Regulatory Commission ("TNERC") from time to time. Income pertaining to consumption of units not assessed as at the end of reporting period are treated as unbilled revenue based on the actual assessment made in subsequent period which is known at the time of closure of accounts. The income related to unassessed units is recognised based on the growth in consumption and rate of realization.

Tariff is determined based on the aggregate revenue required by the Company.

Revenue from sale of power is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

ii. Wheeling charges

The Company enters into various agreements with power generators to supply or 'wheel' the power generated to the power generator's end customers; these are called 'wheeling charges.' As per these agreements, the Company will only provide the power generator access to the Company's infrastructure for the transfer of power to the end customer. The customer is to pay the respective power generator company for the power consumed as per the rates agreed between them. Therefore, the Company acts only as an intermediary between the power generator and its customers.

In most contracts even though the primary responsibility for supply of the contracted power is on the power generator, in case of shortfalls in the supply, the Company may make good of such shortfalls depending on the availability.

Revenue from wheeling charges is recognized once the electricity has been delivered to the beneficiary (end customer) and is measured through a regular review of usage meters.

iii. Other operational income

Other operating income consists of tariff subsidy from Government of Tamil Nadu ("GoTN"), estimate charges, reconnection charges, meter rent, testing and application fees and other miscellaneous receipts.

- **Tariff subsidy from GOTN:**

  The Company from time to time receives Government Order ("GO") from GoTN for providing free supply or concessional tariff for different categories of consumers such as hut consumers, agricultural consumers, domestic consumers, places of public worship, power loom consumers, handloom consumers and lift irrigation co-operative societies.

  As per the GO, the Company is required to provide 100 units of consumption free of charge to all such consumers. GoTN thus undertakes to provide subsidy to the Company for the shortfall in revenue due to policy of free supply and concessional tariff to specific category of consumers.

  The Company accounts for the tariff subsidy when it is due from GOTN in the Statement of Profit and Loss as part of other operating income.

  Other charges collected by the company are-

- Estimate charges are collected by the Company for estimating the requirements of the customer for providing the connection services and are recognised on accrual basis once the services are provided.
- Reconnection charges collected from the customers for reconnecting the services which are disconnected or discontinued for any reason are recognised on accrual basis once the services are provided.

- Meter rents are collected from HT customers on a monthly basis along with the invoice raised for power consumption and are recognised as income on accrual basis.
- Testing and application fees are collected from the customers for testing of the Company's equipment and are recognised on accrual basis once the services are provided.
- The other miscellaneous receipts such as shifting charges, labour charges, meter box charges name transfer charges, dismantling charges etc., are recognised as and when the services are provided.

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 FVOCI, 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.
- Charges recovered from consumers for delayed payments are recognised as income on accrual basis.
- The liquidated damages/ interest on advance to suppliers is recognized when no significant uncertainty as to measurability or collectability exists.
- Rebate received for early payment of power purchase bills are netted off against the cost of power purchase.

k. 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 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 commencement whether each lease is a finance lease or an operating lease as per requirements under Ind AS 116. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset in which case the lease is classified as finance lease.

Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the Statement of Profit and Loss.

The amounts due from lessees under finance leases are recorded in the balance sheet as financial assets, classified as 'Finance lease receivables', at the amount equal to the net investment in the lease.

In certain cases of leases where the Company retains the principal risks and rewards of ownership of the underlying asset, the arrangement is considered as operating lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

I. Income-tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised directly in equity or in OCI.

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

m. 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 includes import of coal, consultancy services and purchase of other materials.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. When advance payments are made to the supplier, the related asset or expense is accounted using the spot exchange rate as on the date of advance payment.

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

n. 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.

o. Government grants

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

p. Provision, contingent liabilities and contingent assets

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

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

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

q. Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Company's Board of Directors are responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. The Company's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Company. The Company has identified the following two reportable segments – 'Generation' and 'Distribution)' (Also refer to note 46).

r. 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.

s. 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.

t. 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.*

u. Recent accounting pronouncements

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

(in INR crores)

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

Particulars	Freehold land	Buildings	Plant and equipment	Other Civil Works	Lines, Cable Network Etc.	Hydraulics works	Furniture and fixtures	Vehicles	Office equipments	Capital spares	Others	Total (A)	Capital work-in-progress (B)	Total (A+B)
Cost or deemed cost (Gross carrying amount)														
Balance as at 1 April 2019	9,479.08	2,303.30	22,939.17	1,412.87	21,893.53	1,652.96	24.07	15.94	106.58	809.69	948.15	61,585.34	19,868.48	81,453.82
Additions during the year	36.64	39.13	1,160.71	8.95	2,439.33	169.79	0.84	4.44	20.70	0.73	130.41	4,011.67	6,710.33	10,722.00
Disposals/transfers during the year	-	-	-4.65	-	-5.62	-82.68	-0.17	-0.68	-2.52	-0.84	-0.01	-97.17	-	-97.17
Balance as at 31 March 2020	**9,515.72**	**2,342.43**	**24,095.23**	**1,421.82**	**24,327.24**	**1,740.07**	**24.74**	**19.70**	**124.76**	**809.58**	**1,078.55**	**65,499.84**	**26,578.81**	**92,078.65**
Balance as at 1 April 2020	9,515.72	2,342.43	24,095.23	1,421.82	24,327.24	1,740.07	24.74	19.70	124.76	809.58	1,078.55	65,499.84	26,578.81	92,078.65
Additions during the year	39.77	17.76	771.46	29.22	633.76	116.45	0.40	5.70	10.68	0.69	0.06	1,625.95	6,925.89	8,551.84
Disposals/transfers during the year	-0.94	-0.01	-6.89	-	-6.88	-0.03	-0.46	-0.69	-1.23	-0.87	-12.82	-30.82	-	-30.82
Balance as at 31 March 2021	**9,554.55**	**2,360.18**	**24,859.80**	**1,451.04**	**24,954.12**	**1,856.49**	**24.68**	**24.71**	**134.21**	**809.40**	**1,065.79**	**67,094.97**	**33,504.70**	**100,599.67**
Accumulated depreciation and impairment losses														
Balance as at 1 April 2019	-	-	-	-	-	-	-	-	-	293.98	99.12	393.10	-	393.10
Depreciation during the year	-	96.14	1,715.68	53.05	1,698.98	129.11	2.61	3.98	24.36	42.78	82.99	3,849.68	-	3,849.68
Reversal of impairment loss	-	-	-5.69	-	-	-	-	-	-	-	-	-5.69	-	-5.69
Disposals/transfers during the year	-	-	-0.69	-	-0.82	-7.13	-0.21	-0.59	-1.00	-0.06	-23.47	-33.97	-	-33.97
Balance as at 31 March 2020	**-**	**96.14**	**1,709.30**	**53.05**	**1,698.16**	**121.98**	**2.40**	**3.39**	**23.36**	**336.70**	**158.64**	**4,203.12**	**-**	**4,203.12**
Balance as at 1 April 2020	-	96.14	1,709.30	53.05	1,698.16	121.98	2.40	3.39	23.36	336.70	158.64	4,203.12	-	4,203.12
Depreciation during the year	-	96.70	1,760.62	53.55	1,750.34	123.26	3.03	2.96	35.27	41.18	56.26	3,924.17	-	3,924.17
Reversal of impairment loss	-	-	-2.80	-	-	-	-	-	-	-	-	-2.80	-	-2.80
Disposals/transfers during the year	-	-0.01	-4.90	-	-4.11	-0.05	-1.15	-0.97	-13.36	-0.01	-	-24.56	-	-24.56
Balance as at 31 March 2021	**-**	**192.83**	**3,462.22**	**106.60**	**3,444.39**	**245.19**	**4.28**	**5.38**	**46.27**	**377.87**	**214.90**	**8,099.93**	**-**	**8,099.93**
Carrying amount (net)														
As at 1 April 2019	**9,479.08**	**2,303.30**	**22,939.17**	**1,412.87**	**21,893.53**	**1,652.96**	**24.07**	**15.94**	**106.58**	**515.71**	**849.03**	**61,192.24**	**19,868.48**	**81,060.72**
As at 31 March 2020	**9,515.72**	**2,246.29**	**22,385.93**	**1,368.77**	**22,629.08**	**1,618.09**	**22.34**	**16.31**	**101.40**	**472.88**	**919.91**	**61,296.72**	**26,578.81**	**87,875.53**
As at 31 March 2021	**9,554.55**	**2,167.35**	**21,397.58**	**1,344.44**	**21,509.73**	**1,611.30**	**20.40**	**19.33**	**87.94**	**431.53**	**850.89**	**58,995.04**	**33,504.70**	**92,499.74**

Note:

1 The scheme wise registers for capital work-in-progress are not being maintained by the Company. However, the Company is in the process of carrying out reconciliation process to match with the books of accounts.

2 The Company decommissioned the Ennore Thermal Power Station (ETPS) on 31 March 2017 and provided 100% impairment loss on all the assets existing as on that date. Hence, the fair value of the assets (deemed cost) in ETPS as on the date of transition is nil. During FY 2019-20 and FY 2020-21, certain minor parts of plant and machinery in ETPS were identified as in usable condition and were transferred to other thermal stations and accordingly the Company reversed the impairment loss to the extent of INR 5.69 crores and INR 2.80 crores in FY 2019-20 and FY 2020-21 respectively.

3 The Company has availed both term loans and working capital loans by mortgage of fixed assets from various banks and financial institutions (refer note 16 and 20)

4 Title deeds for some of the immovable properties mentioned above are not in the name of the Company and the Company is in the process of registering the same in the name of the Company.

(in INR crores)

4(b) Investment property

A. Reconciliation of carrying amount

Particulars	Land	Total
Cost or deemed cost (Gross carrying amount)		
Balance as at 1 April 2019	58.27	58.27
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	**58.27**	**58.27**
Balance as at 1 April 2020	58.27	58.27
Additions during the year	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	**58.27**	**58.27**
Accumulated depreciation and impairment losses		
Balance as at 1 April 2019	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2020	**-**	**-**
Balance as at 1 April 2020	-	-
Depreciation during the year	-	-
Impairment loss	-	-
Disposals/transfers during the year	-	-
Balance as at 31 March 2021	**-**	**-**
Carrying amount (net)		
As at 1 April 2019	**58.27**	**58.27**
As at 31 March 2020	**58.27**	**58.27**
As at 31 March 2021	**58.27**	**58.27**
Fair value		
As at 1 April 2019	**58.27**	**58.27**
As at 31 March 2020	**58.27**	**58.27**
As at 31 March 2021	**58.27**	**58.27**

(in INR crores)

B. Measurement of fair values

i) Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuers,

The fair value measurement for the investment property has been categorized as a Level 3 fair value

ii) Valuation technique

The fair value of land has been determined using market approach (sales comparison method) whereby

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

Reconciliation of carrying amount

Particulars	Software	Total	Intangible assets under
Cost or deemed cost (Gross carrying amount)			
Balance as at 1 April 2019	0.13	0.13	-
Additions during the year	-	-	0.53
Disposals/transfers during the year	-	-	-
Balance as at 31 March 2020	**0.13**	**0.13**	**0.53**
Balance as at 1 April 2020	0.13	0.13	0.53
Additions during the year	-	-	39.38
Disposals/transfers during the year	-	-	-
Balance as at 31 March 2021	**0.13**	**0.13**	**39.91**
Accumulated amortization and impairment losses			
Balance as at 1 April 2019	-	-	-
Amortization during the year	-	-	-
Impairment loss		-	-
Disposals/transfers during the year	-	-	-
Balance as at 31 March 2020	**-**	**-**	**-**
Balance as at 1 April 2020	-	-	-
Amortization during the year	-	-	-
Impairment loss	-	-	-
Disposals/transfers during the year	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**
Carrying amount (net)			
As at 1 April 2019	**0.13**	**0.13**	**-**
As at 31 March 2020	**0.13**	**0.13**	**0.53**
As at 31 March 2021	**0.13**	**0.13**	**39.91**

(in INR crores)

5 Financial assets - Investments

	31 March 2021	31 March 2020	1 April 2019
Non-current investments			
Investment in subsidiaries			
a. Udangudi Power Corporation Limited			
65,000,000 (31 March 2020: 65,000,000; 1 April 2019:	65.00	65.00	65.00
Investment in associates			
a. NLC Tamil Nadu Power Limited			
240,684,620 (31 March 2020: 240,684,620; 1 April	240.68	240.68	240.68
Investment in joint ventures			
a. NTPC Tamil Nadu Energy Company Ltd			
1,436,396,112 (31 March 2020: 1,428,106,112; 1 April	1,436.40	1,428.11	1,428.11
b. Mandakini B Coal Corporation Limited			
2,078,430 (31 March 2020: 2,078,430; 1 April 2019:	2.08	2.08	2.08
c. Maha Tamil Collieries Limited*			
36,970 (31 March 2020: 36,970; 1 April 2019: 36,970)	0.04	0.04	0.04
Other investments	-	-	-
	1,744.20	**1,735.91**	**1,735.91**

All units are in absolute numbers			
Aggregate value of quoted investments	-	-	-
Aggregate value of unquoted investments	1,744.20	1,735.91	1,735.91
Aggregate amount of impairment in value of investments	-	-	-

* The joint venturers of Maha Tamil Collieries Limited has proposed to wind up Maha Tamil Collieries Limited after

6 Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Fixed deposits	2,271.42	2,208.40	1,592.62
Commitment advance paid towards projects	113.48	115.76	132.72
Less : Expected credit loss allowance	-56.58	-58.50	-
	2,328.32	**2,265.66**	**1,725.34**

Movement in the life-time Expected Credit Loss

Balance at the beginning of the year	(58.50)	-	-
Movement in ECL on non-current investments calculated at	1.92	(58.50)	
ECL at the end of the year	**(56.58)**	**(58.50)**	**-**

7 Other non-current assets

	31 March 2021	31 March 2020	1 April 2019
Capital advances	220.19	681.04	87.83
	220.19	**681.04**	**87.83**

8 Inventories

	31 March 2021	31 March 2020	1 April 2019
Raw materials			
In hand			
- Coal	277.05	362.41	329.59
- Oil and chemical	50.20	28.04	148.24
Goods in transit			
- Coal	178.04	330.94	172.42
	505.29	**721.39**	**650.25**

(in INR crores)

Other materials			
In hand	1,670.67	1,599.91	1,415.49
Goods in transit	-	-	-
	1,670.67	**1,599.91**	**1,415.49**
Less: provision for loss/ obsolescence of stock	(24.27)	(24.27)	(24.27)
	2,151.69	**2,297.03**	**2,041.47**

The Company has availed regular cash credit (overdraft) facility from various banks by pledging the inventories

9 Financial assets - Trade receivables

	31 March 2021	31 March 2020	1 April 2019
Trade receivables			
Unsecured, considered good	7,469.39	6,798.25	6,396.88
Doubtful	-	-	-
	7,469.39	**6,798.25**	**6,396.88**
Loss allowance	(273.15)	(257.96)	(251.69)
	(273.15)	**(257.96)**	**(251.69)**
Net trade receivables	**7,196.24**	**6,540.29**	**6,145.19**

All trade receivables are 'current'. Trade receivables includes unreconciled receivables from HT and LT customers

The Company has availed regular cash credit (overdraft) facility from various banks by pledging debtors on sale of

The Company's exposure to credit risk and loss allowance related to trade receivables are disclosed in Note 41.

Financial assets - Cash and bank balances

	31 March 2021	31 March 2020	1 April 2019
Balances with banks			
Balance in current account	3,954.78	1,963.27	973.02
Cash on hand	81.55	163.89	198.41
Cheques, drafts and stamps on hand	74.56	72.46	67.66
	4,110.89	**2,199.62**	**1,239.09**

Other financial assets

	31 March 2021	31 March 2020	1 April 2019
Income accrued on investments	[illegible]	-	-
Receivable from related parties*	11,623.95	11,183.10	11,196.81
Subsidy receivable	6,138.77	3,326.11	1,297.35
Unbilled revenue	1,340.48	1,401.74	1,542.79
Employee loan	345.53	364.95	374.75
Sundry receivables	324.45	304.32	357.85
Security deposits	54.91	14.02	16.28
Amount recoverable from employees	2.88	2.80	2.87
	19,830.97	**16,597.04**	**14,788.70**

*During the year, the Company carried out the reconciliation of its books of accounts with its fellow subsidiary

Current tax assets

	31 March 2021	31 March 2020	1 April 2019
Balances with government authorities	20.43	11.12	10.29
	20.43	**11.12**	**10.29**

Other current assets

	31 March 2021	31 March 2020	1 April 2019
Unsecured, considered good			
Inter-unit balances	543.31	189.67	-
Advances to suppliers and contractors	269.04	299.70	333.65
Balances with statutory authorities	7.17	43.83	23.31
	819.52	**533.20**	**356.96**

(in INR crores)

14 Share capital

	31 March 2021	31 March 2020	1 April 2019
Authorized			
25,00,00,00,000 (31 March 2020: 25,00,00,00,000; 1 April 2019: 25,00,00,00,000) equity shares of INR 10 each	25,000.00	25,000.00	25,000.00
	25,000.00	**25,000.00**	**25,000.00**
Issued, subscribed and paid-up[1]			
20,05,78,72,273 (31 March 2020: 20,05,78,72,273; 1 April 2019: 19,77,88,92,273) equity shares of INR 10 each fully paid up	20,057.87	20,057.87	19,778.89
	20,057.87	**20,057.87**	**19,778.89**

[1] All issued shares are fully paid up

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

	31 March 2021		31 March 2020	
	No. of shares*	**Amount**	**No. of shares***	**Amount**
At the commencement of the year	20,057,872,273	20,057.87	19,778,892,273	19,778.89
Shares issued for cash	-	-	278,980,000	278.98
At the end of the year	**20,057,872,273**	**20,057.87**	**20,057,872,273**	**20,057.87**

b) Rights, preferences and restrictions attached to equity shares

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

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

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

	31 March 2021		31 March 2020	
	No. of shares*	**Amount**	**No. of shares***	**Amount**
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited, holding company	20,057,822,273	20,057.82	20,057,822,273	20,057.82
	20,057,822,273	**20,057.82**	**20,057,822,273**	**20,057.82**

d) Particulars of shareholders holding more than 5% of equity shares of Rs 10 each fully paid in the Company

	31 March 2021		31 March 2020	
	No. of shares*	**% held**	**No. of shares***	**% held**
Equity shares of Rs. 10 each fully paid-up held by TNEB Limited	20,057,822,273	100.00%	20,057,822,273	100.00%
	20,057,822,273	**100.00%**	**20,057,822,273**	**100.00%**

*Shares details are in absolute numbers.

(in INR crores)

15 Other equity

	31 March 2021	31 March 2020	1 April 2019
Retained earnings	(133,666.01)	(125,483.06)	(111,927.73)
Other reserves	8.21	7.73	7.41
	(133,657.80)	**(125,475.33)**	**(111,920.32)**

15.1 Retained earnings

	31 March 2021	31 March 2020
Opening balance	(125,483.06)	(111,927.73)
Add: Profit (loss) for the year	(8,458.52)	(7,367.36)
Add : Remeasurement gain / (loss) of defined benefit plans, net of tax	275.57	(6,187.97)
Closing balance	**-133,666.01**	**-125,483.06**

15.2 Other reserves

	31 March 2021	31 March 2020
i. House Building Advance-Special family Benefit Fund Scheme		
Opening balance	7.73	7.41
Transfer during the year	0.41	0.32
Closing balance	**8.14**	**7.73**
ii. General Reserve		
Opening balance	-	-
Transfer during the year	0.07	-
Closing balance	**0.07**	-

Notes:

i. Retained earnings represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies' Act, 2013. No dividends are distributed given the accumulated losses incurred by the Company.

ii. Other reserves includes amount of 1% deducted as insurance from each instalment of the house building advance provided to employees. The amount deducted will be utilized when an employee defaults in the repayment of his dues due to unforeseen circumstances.

(in INR crores)

16 Non-current financial liabilities - borrowings

	31 March 2021	31 March 2020	1 April 2019
Redeemable non convertible bonds (secured)	3,932.21	4,384.52	4,827.53
	3,932.21	**4,384.52**	**4,827.53**
Term loans			
Secured			
From financial institutions	33,606.35	22,913.62	22,300.48
Unsecured			
From banks	10,250.52	10,382.29	9,275.94
From financial institutions	47,851.50	39,996.04	34,587.00
From government	5,563.13	4,884.21	3,461.14
	97,271.50	**78,176.16**	**69,624.56**
	101,203.71	**82,560.68**	**74,452.09**

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

Government of Tamil Nadu has given guarantee for the loans borrowed during the current year and earlier years from financial institutions and bond holders amounting to INR 54,849.86 crores (31 March 2020: INR 35,158.28 crores; 1 April 2019: INR 33,214.97 crores) for the total loan amount outstanding of INR 122,207.54 crores (31 March 2020: INR 98,635.95 crores, 1 April 2019: INR 81,790.09 crores).

The Company has defaulted in repayment of loans and borrowings of INR 300 crores of principal due on loan from Tamil Nadu Power Finance and Infrastructure Development Corporation Limited ('TNPFC') (31 March 2020: INR 58.23 crores of principal and INR 237.58 crores of interest due on loan from Restructured Accelerated Power Development and Reforms Programme ('RAPDRP'); 1 April 2019: INR 252.70 crores of principal and INR 252.90 crores of interest due on loan from RAPDRP).

17 Non-current financial liabilities - others

	31 March 2021	31 March 2020	1 April 2019
Payable to employees	4,906.92	4,270.19	3,851.76
Upfront lease rent received	12.99	13.80	14.61
	4,919.91	**4,283.99**	**3,866.37**

18 Provision - non-current

	31 March 2021	31 March 2020	1 April 2019
Provision for employment benefits (refer note 35)	34,515.64	35,275.68	31,762.99
	34,515.64	**35,275.68**	**31,762.99**

19 Other non-current liabilities

	31 March 2021	31 March 2020	1 April 2019
Deferred revenue*	6,005.23	10,572.16	14,527.99
	6,005.23	**10,572.16**	**14,527.99**

Notes*

i. Deferred revenue includes unamortized portion of government grant received. This amount will be recognized as revenue corresponding to the depreciation charge in future years. The amount does not constitute a liability to be discharged in future periods and hence, it has been disclosed separately from equity and liabilities. The Company has the following government grants:

a. INR 899.37 crores (31 March 2020: INR 895.11 crores) received from Government of India under integrated power development scheme for integrated power development scheme for strengthening of sub-transmission and distribution system in rural areas. IPDS GIP & IPDS ERP.

b. INR 447.83 crores (31 March 2020: INR 453.22 crores) received from Government of India under Deendayal Upadhyaya Gram Jyothi Yojana Scheme for separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission and distribution network and rural electrification.

c. INR 47.71 crores (31 March 2020: INR 51.80 crores) received from Government of India under Rajiv Gandhi Gram Vikas Yojana for rural electrification.

d. INR 8.05 crores received during the year ended 31 March 2021 from Government of Tamil Nadu under dam rehabilitation and improvement project for improving the safety and operational performance of selected existing dams in the state of Tamil Nadu.

ii Includes INR 4,563 crores (31 March 2020: INR 9,126 crores) of interest free loan received from the state government under Ujwal Discom Assurance Yojana ('UDAY') during the FY16-17 which was converted into grant of INR 4,563 crores for five years commencing from 2017-18 to 2021-22.

(in INR crores)

20 Current financial liabilities - borrowings

	31 March 2021	31 March 2020	1 April 2019
Secured			
Term loans			
From financial institutions	10,820.57	8,014.00	-
From banks	-	804.44	-
Cash credit from banks	5,860.82	5,199.63	6,377.11
Bill of exchange discounted with banks	4,322.44	2,057.20	960.89
	21,003.83	**16,075.27**	**7,338.00**

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

21 Financial liabilities - Trade payables

	31 March 2021	31 March 2020	1 April 2019
Trade payables for goods and services	25,737.34	29,467.81	23,537.21
Trade payables for expenses	1,634.16	1,731.40	1,927.36
	27,371.50	**31,199.21**	**25,464.57**

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 41.

	31 March 2021	31 March 2020	1 April 2019
Due to micro, small and medium enterprises	63.43	71.62	62.51
Dues to others	27,308.07	31,127.59	25,402.06
	27,371.50	**31,199.21**	**25,464.57**

All trade payables are 'current'.

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

	31 March 2021	31 March 2020	1 April 2019
Trade payables to related parties	2,723.49	4,226.44	2,497.50

22 Other financial liabilities

	31 March 2021	31 March 2020	1 April 2019
Current maturities of long term borrowings (secured)	19,746.66	17,887.48	18,646.14
Deposits*	21,125.73	20,635.41	18,228.32
Employee benefits payable	697.81	668.89	1,027.06
Administrative expenses payable to UMPPs	38.96	38.87	37.25
Government subsidy refundable	1.26	1.36	0.64
Upfront lease rent received	0.81	0.81	0.81
	41,611.23	**39,232.82**	**37,940.22**

*Deposits include INR 71.42 crores representing 10% of the total project cost of INR 1,241.15 crores received from sugar mills for setting up of co-generation plants.

However, no Ind AS impact has been given with respect to the accounting for assets and liabilities pertaining to sugar mills in the first Ind AS financial statements of the Company, since the co-generation projects are jointly developed and run by TANGEDCO, co-operative sugar mills and public sector sugar mills. The accounting impact on this arrangement will be arrived after mutual discussion among the concerned departments of GoTN.

The Company's exposure to liquidity risks related to other financial liabilities is disclosed in Note 41.

23 Provisions

	31 March 2021	31 March 2020	1 April 2019
Provision for employee benefits	4,473.62	4,339.21	3,937.36
	4,473.62	**4,339.21**	**3,937.36**

Disclosures as per Ind AS 19 'Employee benefits' are provided in Note 35.

24 Other current liabilities

	31 March 2021	31 March 2020	1 April 2019
Statutory liabilities	2,642.07	1,906.03	997.02
Advance from customers	688.72	605.45	641.52
Duties and taxes	167.91	147.06	137.37
Inter-unit balances	-	-	311.19
Others	17.06	15.27	14.64
	3,515.76	**2,673.81**	**2,101.74**

(in INR crores)

16A Details of terms and repayment schedule

Particulars	Tenor (in months)	Year of maturity	31 March 2021	31 March 2020	1 April 2019
Bonds or debentures (secured)					
731 units (31 March 2020 : 731 units; 1 April 2019: 731 units) TANGEDCO Bond Series-3/2016-17, 9.25% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	27.03.2027	73.16	73.19	73.19
400 units (31 March 2020 : 400 units; 1 April 2019: 400 units) TANGEDCO Bond Series-2/2016-17, 9.70% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	24.12.2026	41.04	41.05	41.03
500 units (31 March 2020 : 500 units; 1 April 2019: 500 units) TANGEDCO Bond Series-2/2015-16, 10.00% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	08.02.2026	50.71	50.70	50.71
5,018 units (31 March 2020 : 5,018 units; 1 April 2019: 5,018 units) TANGEDCO Bond Series-3/2014-15, 9.00% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	11.06.2025	515.53	515.62	515.53
1,000 units (31 March 2020 : 1,000 units; 1 April 2019: 1,000 units) TANGEDCO Bond Series-2/2014-15, 9.20% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	18.12.2024	1,026.21	1,026.39	1,026.21
1,000 units (31 March 2020 : 1,000 units; 1 April 2019: 1,000 units) TANGEDCO Bond Series-1/2014-15, 9.72% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	16.07.2024	1,019.44	1,019.65	1,019.17
6,263 units (31 March 2020 : 6,335 units; 1 April 2019: 6,335 units) TANGEDCO Bond Series-1/2013-14, 10.50% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	10.02.2024	635.49	642.77	642.43
612.4 units (31 March 2020 : 1,071.70 units; 1 April 2019: 1,531 units) TANGEDCO Bond Series-4/2011-12, 9.90% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	21.11.2021	63.42	111.00	158.54
148 units (31 March 2020 : 259 units; 1 April 2019: 370 units) TANGEDCO Bond Series-3/2011-12, 9.50% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	03.10.2021	15.49	27.12	38.73
2,156 units (31 March 2020 : 3,773 units; 1 April 2019: 5,390 units) TANGEDCO Bond Series-2/2011-12, 9.59% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	26.08.2021	217.53	380.76	543.81
2682 units (31 March 2020 : 4693.5 units; 1 April 2019: 6705 units) TANGEDCO Bond Series-1/2011-12, 9.70% Secured, Redeemable Non Convertible bonds (Face value of INR 1,000,000 each)	120	07.02.2021	274.19	479.92	685.48
Nil (31 March 2020 : 161.40 units; 1 April 2019: 322.8 units) 8.65% TANGEDCO Bond Series-1/2010-11, secured, redeemable non-convertible bonds (Face value of INR 1,000,000 each)	120	07.02.2021	-	16.35	32.70
			3,932.21	**4,384.52**	**4,827.53**

Tamil Nadu Generation and Distribution Corporation Limited
Notes to the financial statements for the year ended 31 March 2021(Revised)

(in INR crores)

Particulars	Interest rate	Tenor (In years)	31 March 2021	31 March 2020	1 April 2019
Term loans					
Secured					
a. from financial institutions					
Pradhan Mantri Gramodaya Yojana ("PMGY")	10.5% to 12%	20 years	6.10	7.35	8.64
Accelerated Power Development and Reform Programme ("APDRP")	9% to 12.5%	20 years	22.79	35.29	50.42
Rural Electrification Corporation Limited ("REC Ltd.")	10.35% to 12.75%	1 to 20 years	18,920.80	10,601.63	9,573.78
Power Finance Corporation Ltd. ("PFC")	10.3% to 12.65%	12 to 20 years	10,191.94	7,803.85	9,029.77
Housing and Urban Development Corporation ("HUDCO")	9% to 10%	15 years	488.37	667.21	893.02
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9.00%	3 to 7 years	417.63	577.32	712.43
Rajiv Gandhi Grameen Vidyutikaran Yojana ("RGGVY")	10.50%	9 years	0.68	0.75	0.03
Deen Dayal Upadhyaya Gram Jyoti Yojana ("DDUGJY")	11.00%	11 years	305.67	180.07	81.93
Integrated Power Development Scheme ("IPDS")	10.63%	15 years	484.67	413.78	356.13
Indian Renewable Energy Development Agency Limited ("IREDA")	10.34% to 11.60%	2 years	508.66	399.12	-
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - A	12%	20 years	116.32	105.11	353.72
Restructured Accelerated Power Development & reforms Program ("R-APDRP) PART - B	9.75% to 11.5%	15 to 20 years	2,142.72	2,122.14	1,240.61
			33,606.35	**22,913.62**	**22,300.48**
Unsecured					
a. from banks					
Medium term loan	7% to 13%	2 to 7 years	10,250.52	10,382.29	9,275.94
			10,250.52	**10,382.29**	**9,275.94**
b. from financial institutions					
National Bank for Agriculture and Rural Development ("NABARD")	10.75%	10 years	49.23	167.36	285.50
Rural Electrification Corporation Limited ("REC Ltd.")	10.5% to 11%	7 to 11 years	6,950.31	5,355.86	2,832.82
Power Finance Corporation Ltd. ("PFC")	10.75% to 12.15%	5 to 12 years	18,964.79	14,063.66	10,645.04
Housing and Urban Development Corporation ("HUDCO")	9.75% to 12.25%	14 to 16 years	2,927.44	2,046.17	1,234.21
Tamil Nadu Power Finance & Infrastructure Development Corporation Ltd. ("TNPFC")	9% to 11%	3 to 7 years	18,922.97	18,319.11	19,545.55
Indian Renewable Energy Development Agency Limited ("IREDA")	10.50% to 11.60%	10 years	36.76	43.88	43.88
			47,851.50	**39,996.04**	**34,587.00**
c. from government					
Government of Tamil Nadu	0% to 10.50%	10 years	4,082.78	3,726.59	3,396.20
Ways and means	12.60% to 13.30%	10 years	1,480.35	1,157.62	64.94
			5,563.13	**4,884.21**	**3,461.14**

(in INR crores)

25 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of power - Low tension ('LT') supply	19,955.04	21,690.45
Sale of power - High tension ('HT') supply*	12,101.36	14,213.63
Government grants		
- Tariff subsidy from government	8,269.73	8,053.11
- Other revenue grants received from government	6,001.82	3,182.12
Wheeling charges	251.11	254.85
Other operational income		
- Income from other services provided to customers	1,618.35	1,010.69
- Estimate charges	237.69	147.26
- Reconnection charges	113.50	81.23
- Service connection charges	59.33	60.36
- Meter rent charges	31.12	28.57
- Miscellaneous revenue	270.01	280.55
	48,909.06	**49,002.82**

* The Company has refunded demand charges collected from HT customers whose recorded demand did not exceed the sanctioned demand during the COVID-19 lockdown period.

26 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Recoveries from consumers*	500.98	227.56
Interest income	166.99	160.34
Liquidated damages	108.66	202.31
Income from sale of scrap	101.61	107.67
Amortization of capital grants	4,588.29	4,572.53
Reversal of impairment on non-financial assets	2.80	5.69
Reversal of impairment on financial assets	1.94	-
Miscellaneous receipts	187.34	128.76
	5,658.61	**5,404.86**

* On account of COVID-19 pandemic, Ministry of Power vide Letter No. 23/22/2019-R&R Part-4 dated 06.04.2020 clarified that late payment surcharge shall apply at reduced rate for the period between 24.03.2020 to 30.06.2020 on those payments that become overdue during the period 24.03.2020 to 30.06.2020 and from 01.07.2020 onwards, the delayed payment surcharge shall be payable at the rate given in the PPA/ regulations. Accordingly, the Company has charged surcharge at the rate of 12% p.a. instead of 18% p.a. for the said period.

27 Cost of power purchases

	Year ended 31 March 2021	Year ended 31 March 2020
Traders & exchanges	12,697.56	12,996.11
Central generating sources	12,451.98	12,472.37
Transmission charges	4,587.91	4,578.74
Non-conventional energy sources	3,673.90	2,907.44
Independent power producers	767.05	1,017.35
	34,178.40	**33,972.01**

In line with the directions of Ministry of Power dated 15 & 16 May 2020, issued in accordance with the announcement of GOI under the Atmanirbhar Bharat Special Economic and Comprehensive package, to allow a rebate of between 20%-25% on the capacity charges during the lock down period. Accordingly, the Company has availed rebate amounting to INR 192.57 crores during FY 2020-21.

On account of COVID-19 pandemic, Ministry of Power vide Letter No. 23/22/2019-R&R Part-4 dated 06.04.2020 clarified that late payment surcharge shall apply at reduced rate of 12% p.a. instead of 18% p.a. Accordingly, the Company has paid late payment surcharge at the rate of 12% for period said in the order.

(in INR crores)

28 Cost of power generation

	Year ended 31 March 2021	Year ended 31 March 2020
Raw materials consumed	5,473.80	8,424.10
Direct expenses at generating stations	92.18	101.84
	5,565.98	**8,525.94**

29 Employee benefit expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and other allowances	5,754.49	4,720.73
Contribution to provident and other funds	1,584.95	794.38
Staff welfare expenses	49.30	69.04
	7,388.74	**5,584.15**

30 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense	10,069.26	8,401.26
Other borrowing costs	568.22	341.52
Discount on issue of bonds	171.95	111.77
Interest paid on contribution to provident and other funds	133.26	68.28
	10,942.69	**8,922.83**

31 Depreciation and amortization expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 4(a))	3,876.92	3,792.31
	3,876.92	**3,792.31**

(in INR crores)

32 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Repairs and maintenance		
- Plant & Machinery	551.44	551.90
- Buildings	40.86	33.71
- Vehicles	5.02	4.37
- Furniture	0.66	0.11
- Office Equipment	5.91	4.70
Security charges	107.88	82.79
Net loss on foreign exchange fluctuation	101.92	40.78
Travelling and conveyance	58.37	65.53
Legal and professional charges	40.00	17.29
Office related expenses	36.63	31.56
Electricity charges	25.54	25.63
Rates and taxes	23.49	10.94
Telephone and communication	17.57	14.67
Bad debts written off	15.20	6.27
Rent	12.44	12.33
Freight charges	11.33	9.13
Stores related expenses	7.19	5.48
Insurance	1.61	1.52
Audit Fees (refer Note 32(i))	0.36	0.57
Contribution towards corporate social responsibility	-	-
Impairment of financial assets	-	58.52
Miscellaneous expense	10.04	-
	1,073.46	**977.80**

(i) Payment to auditors

	Year ended 31 March 2021	Year ended 31 March 2020
As auditor:		
Statutory audit fees	0.30	0.35
Tax audit fees	0.01	0.09
Other services	0.00	0.08
Reimbursement of expenses	0.05	0.05
	0.36	**0.57**

33 Tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Deferred tax (refer note 36)	-	-
	-	-

(in INR crores)

34 Earnings per share

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

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
Profit (loss) for the year, attributable to the equity holders	(8,458.52)	(7,367.36)

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

	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance of issued equity shares	20,057,872,273	19,778,892,273
Effect of fresh issue of shares	-	278,980,000
Closing balance of issued equity shares	**20,057,872,273**	**20,057,872,273**
Weighted average number of equity shares for the year	**20,057,872,273**	**19,854,560,821**
Basic and diluted earnings per share (in INR)	(4.22)	(3.71)

(In INR crores)

35 Assets and liabilities relating to employee benefits

	Non-Current			Current		
	31 March 2021	31 March 2020	1 April 2019	31 March 2021	31 March 2020	1 April 2019
Provision for employee benefits:						
Provision for gratuity	2,196.74	2,100.06	1,990.56	73.14	35.12	45.45
Provision for staff pension	27,975.92	29,591.83	26,360.25	4,125.11	4,254.56	3,866.06
Liability for compensated absences	4,343.00	3,583.80	3,412.18	275.37	49.53	25.85
	34,515.66	**35,275.69**	**31,762.99**	**4,473.62**	**4,339.21**	**3,937.36**
Employee benefits liability:						
Contributory pension scheme	2,882.70	2,499.90	2,023.37	35.79	30.67	33.34
	2,882.70	**2,499.90**	**2,023.37**	**35.79**	**30.67**	**33.34**
Total employee benefit liabilities	**37,398.36**	**37,775.59**	**33,786.36**	**4,509.41**	**4,369.88**	**3,970.70**

A Defined contribution plan

Employees who have joined the Company on or after 1 January 2004 are covered under contributary pension scheme. The Company makes contributions to the extent of amount not exceeding 10% of basic pay and dearness allowance, in respect of qualifying employees. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to pension fund for the year aggregated to INR 185.10 crores (2019-20: INR 179.30 crores).

B Defined benefit plan

i. 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

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	2,135.18	2,036.01
Current service cost	79.84	76.15
Interest cost	122.87	114.14
Benefits paid	(138.15)	(287.70)
Actuarial (gains) losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains) losses on obligations - due to change in financial assumptions	5.49	162.53
Actuarial (gains) losses on obligations - due to experience	64.65	34.05
Present value of benefit obligation at the end of the year	**2,269.88**	**2,135.18**

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2021	31 March 2020
Current service cost	79.84	76.15
Net interest cost	122.87	114.14
Expenses recognized	**202.71**	**190.29**

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

Particulars	31 March 2021	31 March 2020
Actuarial (gains) losses on obligation for the year	70.14	196.59
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	**70.14**	**196.59**

ii. 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 day's 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.

(in INR crores)

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

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	33,846.39	30,226.31
Current service cost	317.41	218.93
Interest cost	1,241.41	700.27
Benefits paid	(2,958.45)	(3,290.50)
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(120.62)	4,462.34
Actuarial (gains)/ losses on obligations - due to experience	(225.09)	1,529.04
Present value of benefit obligation at the end of the year	**32,101.03**	**33,846.39**

b) Expenses recognized in the statement of profit or loss

Particulars	31 March 2021	31 March 2020
Current service cost	317.41	218.93
Net interest cost	1,241.41	700.27
Expenses recognized	**1,558.81**	**919.20**

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

Particulars	31 March 2021	31 March 2020
Actuarial (gains)/ losses on obligation for the year	(345.72)	5,991.38
Change in asset ceiling	-	-
Net (income) expense for the year recognized in OCI	**(345.72)**	**5,991.38**

iii. 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 a separate actuarial valuation in respect of this scheme and has included it as part of pension.

C Actuarial assumptions are as under

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

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Discount rate (per annum)	7.77%	7.11%	6.73%	6.90%
Rate of salary increase	5.00%	5.00%	5.00%	5.00%
Rate of employee turnover	1.00%	1.00%	1.00%	1.00%
Mortality rates*				

*Mortality rate for pension is based on LIC (a) (1996-1998)
Mortality rate for gratuity is based on Indian Assured Lives Mortality (2012-14).

ii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension	Gratuity	Pension
Projected benefit obligation on current assumptions:				
Delta effect of +1% change in discount rate	(83.43)	(2,789.79)	(92.36)	(2,569.37)
Delta effect of -1% change in discount rate	91.40	3,285.36	100.83	3,747.66
Delta effect of +1% change in rate of salary increase	66.55	495.69	78.03	846.91
Delta effect of -1% change in rate of salary increase	(68.53)	(464.40)	(79.04)	(730.98)
Delta effect of +1% change in rate of employee turnover	4.66	(216.81)	4.98	(215.19)
Delta effect of -1% change in rate of employee turnover	(4.93)	246.38	(5.25)	263.01
Delta effect of +1% change in rate of employee mortality rate	0.16	496.03	0.16	505.53
Delta effect of -1% change in rate of employee mortality rate	(1.13)	(454.08)	(0.94)	(413.31)

(in INR crores)

36 Income Tax

A Amounts recognized in the Statement of Profit and Loss

	31 March 2021	31 March 2020
Current tax	-	-
Deferred tax expense/ (income)	341.75	-239.33
Reversal of Deferred tax expense/ (income) (refer note B below)	-341.75	239.33
Tax expense for the year	-	-

B Movement in deferred tax balances

31 March 2021

Particulars	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	11,186.60	-552.71	-	10,633.89
Other Ind AS adjustments	3,028.03	489.17	-	3,517.20
Remeasurement gain on defined benefit obligation	-1,930.65	-	85.98	-1,844.67
	12,283.98	**-63.54**	**85.98**	**12,306.42**
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	-33.63	12.62	-	-21.01
Provision on employee benefits	-11,164.48	574.09	-	-10,590.39
Carry forward losses	-37,618.05	-1,108.79	-	-38,726.84
Prior period correction	-1,226.96	927.37	-	-299.59
	-50,043.12	**405.29**	**-**	**-49,637.83**
Net tax (assets) / liabilities	**-37,759.14**	**341.75**	**85.98**	**-37,331.41**

31 March 2020

Particulars	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	11,006.54	180.06	-	11,186.60
Other Ind AS adjustments	2,786.50	241.53	-	3,028.03
Remeasurement gain on defined benefit obligation	-	-	-1,930.65	-1,930.65
	13,793.04	**421.59**	**-1,930.65**	**12,283.98**
Tax effect of items constituting deferred tax assets				
Disallowance u/s 43B	-34.27	0.64	-	-33.63
Provision on employee benefits	-10,348.80	-815.68	-	-11,164.48
Carry forward losses	-37,329.14	-288.91	-	-37,618.05
Prior period correction	-1,669.99	443.03	-	-1,226.96
	-49,382.20	**-660.92**	**-**	**-50,043.12**
Net tax (assets) / liabilities	**-35,589.16**	**-239.33**	**-1,930.65**	**-37,759.14**

*The Company has recognized deferred tax asset only to the extent of deferred tax liability. Since the deferred tax asset is more than deferred tax liability and there is no probable future taxable profits which will be available against which such net deferred tax asset shall be utilized, the Company has not recognized any deferred tax assets in its books.

(in INR crores)

37 Disclosure as per Ind AS 116

(A) Company as Lessee

The Company's significant leasing transactions are in respect of the following assets:

(a) Lease of land in Tuticorin Port Trust for construction of Thermal power plant, additional road, TTPS guest house, residential quarters for employees, internal coal handling system for stage III expansion and cooling water system. The lease term is for a period of 30 years which can be further extended at mutually agreed terms subject to escalation of lease rentals.

(b) The 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. Premises for residential use of employees on lease for a period of 3 years which can be renewed on mutually agreeable terms. The lessor generally incurs amount on improvements, repairs and maintenance.

(c) The 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.

(a) Operating Leases

The Company had entered into agreement with NTECL granting the right to use land in Vallur for construction of township for the employees of NTECL and land situated in NCTPS for occupation of permanent structures i.e., coal conveyor, make up water pipeline corridor and make up water pump house. The Company has classified and accounted for this arrangement as operating lease based on the principles enunciated in para 61 of Ind AS 116. The lease term is for a period of thirty years from the date of transfer.

The Company also provides accommodation to employees in the case of transfer to another location or for the employees working in remote locations. The accommodation can be used by these employees during their tenor of employment and the 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:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Lease income	2.54	2.97
Income relating to variable lease payments not dependent on index or rate	-	-

(In INR crores)

Financial Instruments Disclosures

38 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 annual master planning, budgeting and corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and long-term borrowings.

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

The capital structure is as follows:

Particulars	31 March 2021	31 March 2020	1 April 2019
Total liabilities	244,620.43	226,212.83	201,391.33
Less: Cash and cash equivalents	4,110.89	2,199.62	1,239.09
Adjusted net debt (A)	240,509.54	224,013.21	200,152.24
Total equity (B)	(113,599.93)	(105,417.46)	(92,141.43)
Gearing Ratio (A/B)	**(2.12)**	**(2.13)**	**(2.17)**

39 Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Trade receivables	-	-	7,196.24	-	-	6,540.29
Cash and cash equivalents	-	-	4,110.89	-	-	2,199.62
Other Financial Assets	-	-	22,159.29	-	-	18,862.70
Total assets	-	-	**33,466.42**	-	-	**27,602.61**
Financial liabilities						
Borrowings	-	-	122,207.54	-	-	98,635.95
Trade payables	-	-	27,371.50	-	-	31,199.21
Other Financial liabilities	-	-	41,611.23	-	-	39,232.82
Total liabilities	-	-	**191,190.27**	-	-	**169,067.98**

Particulars	1 April 2019		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Trade receivables	-	-	6,145.19
Cash and cash equivalents	-	-	1,239.09
Other Financial Assets	-	-	16,514.04
Total assets	-	-	**23,898.32**
Financial liabilities			
Borrowings	-	-	81,790.09
Trade payables	-	-	25,464.57
Other Financial liabilities	-	-	37,940.22
Total liabilities	-	-	**145,194.88**

40 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

41 Financial risk management

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 investments, trade and other receivables, and cash and cash equivalents.

(In INR crores)

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Risk	Exposure arising from	Management
Credit Risk	Trade receivable, unbilled revenue, cash and cash equivalents and other financial assets	The Company is a significant power generator and sole distributor of power in the state of Tamil Nadu, whose services are provided to various category of consumers. There are certain Generators utilizing open access facility to the HT consumers in which case TANGEDCO does not have any collection responsibility. The Company has robust collection and as a means of mitigating the risk of financial losses from default, the Company collects security deposits in proportion to average current consumption charges of HT and LT category of customers. In case receivables overdue beyond the contracted period, the service gets terminated and dues are appropriated from the available security deposit of the respective customer. Further, other financial assets comprises security deposits collected, employee loans, unbilled revenue and subsidy receivable from government which is provided through budget. Further, credit risk on receivables from TANTRANSCO is considered nil since it is the entity under the control of same parent and is a state owned entity. The cash and cash equivalents of the Company are held with creditworthy financial institutions. Based on the above, the Company's exposure to credit risk is minimal. Accordingly, the Company has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total trade receivable.
Market risk - foreign currency risk	Financial liabilities denominated in foreign currency	The Company has only limited exposure to foreign currency currently, as the project liability are funded from reputed financial institutions and settled at regular due dates. Hence the company does not have any material risk on account of foreign exchange fluctuations.
Market risk - interest rate risk	Interest rate risk on borrowings	The borrowings of the Company though are primarily at fixed rate of interest which resets are specified intervals and hence the Company is exposed to limited interest risks in this regard. Further, the Company regularly monitors its borrowing arrangements with all its lenders to ensure that the Company gets funding at the prevailing market rates.
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 meets all business and financial commitments are on time. Further, the Company has credit lines with reputed financial institutions to mitigate any unplanned events. The Company's sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. The Company does not maintain plan assets in respect of the employee benefits liability. Since the Company's employee benefit schemes are unfunded, the Company bears liquidity risk to this extent. Further, the GoTN sanctions funding towards certain portion of losses incurred by the company which helps the Company in mitigating liquidity risk.

(In INR crores)

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions. Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans and other financial instruments. Investments in liquid plan/schemes are with public sector Asset Management Companies having highest rating. For banks, only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

Exposure to credit risk

Impairment losses on financial assets recognized in profit or loss were as follows.

Particulars	31 March 2021	31 March 2020	1 April 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)	-	-	-
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)	273.15	257.96	251.69
Non- current financial assets			
(i) Other financial assets	56.58	58.50	-
	329.73	**316.46**	**251.69**

(i) Provision for expected credit losses (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, the Company has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total trade receivable.

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

The Company has customers (including State government entities) with capacity to meet the obligations and therefore the risk of default, loss given default is negligible since the Company receives security deposit from customers which is available for set off against outstanding dues. Further, in the view of the Company dues are collectible in full and hence, the Company has taken the simplistic approach and has recognised a impairment loss of 2.5% of the total trade receivable.

(ii) Ageing of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Not due	0-30 days	31-60 days	61-90 days	91-180 days	181 - 365 days	more than 365 days
Gross carrying amount as at 31 March 2021*	2,920.11	191.83	79.77	69.53	165.50	421.59	1,621.18
Gross carrying amount as at 31 March 2020*	2,679.86	132.36	83.95	147.20	246.38	343.18	1,167.44
Gross carrying amount as at 1 April 2019*	2,820.86	240.32	86.49	147.47	254.56	350.53	498.77

*Trade receivables includes unreconciled receivables from HT and LT customers amounting to INR 65.49 crores and INR 1,932.39 crores respectively, for which the Company is in the process of undertaking clean-up activity to reconcile the amounts as per the books of accounts.

(In INR crores)

B Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company monitors the net liquidity position on the basis of expected cash flows vis-a-vis debt service fulfilment obligation. The Company has sufficient liquidity to meet its obligations. The Company manages liquidity risk by maintaining adequate banking facilities and borrowing facilities/limits. The Company ensures that, it has sufficient liquidity to meet its expected operational expenses including servicing of financial obligations. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

Maturities of financial liabilities

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

Particulars	31 March 2021				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	1,591.61	18,717.76	16,590.06	33,157.24	31,147.03
Short term borrowings*	-	21,003.83	-	-	-
Trade payables*	-	27,371.50	-	-	-
Other financial liabilities*	-	41,611.23	-	-	-

Particulars	31 March 2020				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	3,444.71	14,492.44	15,136.24	32,099.97	17,387.33
Short term borrowings*	-	16,075.27	-	-	-
Trade payables*	-	31,199.21	-	-	-
Other financial liabilities*	-	39,232.82	-	-	-

Particulars	1 April 2019				
	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Long term borrowings	1,464.80	7,364.57	13,418.34	30,334.84	21,869.55
Short term borrowings*	-	7,338.00	-	-	-
Trade payables*	-	25,464.57	-	-	-
Other financial liabilities*	-	37,940.22	-	-	-

The Company is in the process of undertaking clean-up activity to reconcile the amounts as per the books of accounts. Hence, the Company has disclosed the maturities of financial liabilities under the 6-12 months bucket.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. The analysis exclude the impact of movements in market variables on the carrying values of post-retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's borrowings and investments are primarily at fixed rate, which do not expose it to significant 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 fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

Particulars	31 March 2021		31 March 2020	
	Foreign currency (in crores)	in INR crores	Foreign currency (in crores)	in INR crores
Foreign currency liabilities				
In USD	3.15	230.64	3.34	252.07
In EURO	1.32	112.92	1.16	96.03

Other market price risk

The Company does not have any financial asset/liability which has a quoted market price available and hence there is no market price risk involved.

(in INR crores)

42 Disclosure as per Ind AS 115, 'Revenue from contracts with customers'

A Disaggregation of revenue

The Company does not disaggregate revenue between generation and distribution.

Particulars	Generation of power		Distribution of power		Total	
	31 March	31 March	31 March	31 March	31 March	31 March
Sale of power - Low Tension Supply	0.23	0.24	19,954.81	21,690.21	19,955.04	21,690.45
Sale of power - High Tension Supply	-	-	12,101.36	14,213.63	12,101.36	14,213.63
Government grants	-	-	14,271.55	11,235.23	14,271.55	11,235.23
Wheeling charges	-	-	251.11	254.85	251.11	254.85
Other operational income	-	-	2,330.00	1,608.66	2,330.00	1,608.66

B Contract balances

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

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

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Current	Non-current	Current	Non-current
Trade receivables	7,196.24	-	6,540.29	-
Unbilled revenue	1,340.48	-	1,401.74	-
Advance from customers	218.83	-	193.72	-

43 Information in respect of micro and small enterprises as at 31 March 2021 as required by Schedule III of Companies Act, 2013 and

Particulars	31 March 2021	31 March 2020	1 April 2019
Principal amount remaining unpaid	63.43	71.62	62.51
Interest due thereon*	-	-	-
The amount of Interest paid along with the amounts of the payment made to the supplier	-	-	-
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	-	-	-

* The Company has defaulted in the payment to MSME vendors within the stipulated time under the MSME Act. However, the interest liability on account of belated payment could not be assessed by the Company for the purpose of the above disclosure.

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 2019-20 and FY 2020-21, no CSR expenditure was incurred by the Company for both the years.

(in INR crores)

45 Related parties

i) Parent and ultimate controlling party
TNEB limited

ii) Fellow subsidiary
Tamil Nadu Transmission Corporation Limited (TANTRANSCO)

iii) Subsidiary company
Udangudi Power Corporation Limited (UPCL)

iv) Joint venture entities
Maha Tamil Collieries Limited (MTCL)
NTPC Tamil Nadu Energy Company Ltd (NTECL)
Mandakini B Coal Corporation Limited (MCCL)

v) Associate companies
NLC Tamil Nadu Power Limited (NTPL)

vi) Key Managerial Personnel and their relatives

Chairman cum managing director
Vikram kapur - Chairman cum Managing Director (from 13 March 2018 to 8 Junes 2020)
Pankaj Kumar Bansal - Chairman cum Managing Director (from 20 June 2020 to 16 May 2021)

Joint managing director
Suboth Kumar - Joint managing director (1 March 2019 to 8 October 2019)
S. Vineeth - Joint managing director (16 October 2019 to 2 April 2021)
Prashanth M. Wadnere - Joint managing director (31 October 2020 to 2 April 2021)

Directors
M. Chandrasekar (from 26 September 2018 to 31 July 2019)
K. Sundaravadhanam - Director (Finance) (24 September 2018 to present)
A. Ashok kumar - Director (Project) (1 November 2019 to 31 March 2020)
M.A. Helen - Director (Distribution) (from 1 December 2016 to 31 March 2020)
S. Geetha - Director (Project) (1 December 2016 to 30 June 2019)
R. Ethiraj - Director (Project) (1 November 2019 to present)

Company secretary
D. Suresh Kumar (from 20 June 2020 to 31 March 2021)

Entities under the control of the same government
The Company is a State Public Sector Undertaking (SPSU) controlled by Government of Tamil Nadu by holding majority of shares in the Company's parent entity. 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 disclosures accordingly in the financial statements.

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

	Transaction value	
	Year ended 31 March 2021	Year ended 31 March 2020
Short-term employee benefits	2.05	1.86
Post-employment defined benefit	-	0.02
Other long term benefits	0.29	0.28
Termination benefits	-	0.45
Sitting fees	-	-
	2.34	**2.61**

*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.

(in INR crores)

c. Transactions with subsidiaries, associates and joint ventures

Name of the related party	Nature of transaction by the Company	Year ended 31 March 2021	Year ended 31 March 2020
TNEB Limited	Reimbursement of expenses	1.66	1.91
	Expenses shared by TANGEDCO	36,439.24	34,890.45
Tamil Nadu Transmission Corporation Limited	Payment of transmission charges	2,263.24	2,269.42
	Reimbursement of expenses	1,126.15	1,463.33
	Recovery of expenses	607.70	2,338.89
	Reimbursement of pension expenses	422.64	470.07
Udangudi Power Corporation Limited	Reimbursement of expenses	2.40	2.39
NLC Tamil Nadu Power Limited	Power purchase	1,422.90	1,422.90
NTPC Tamil Nadu Energy Company Ltd	Power purchase	2,436.99	2,964.76
		44,722.92	**45,824.12**

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 2021	Year ended 31 March 2020
Tamilnadu Power Finance Corporation (TNPFC)	Loan Sanction, disburse and settlement	29,170.79	29,191.15
Poombukar Shipping Corporation (PSC)	Chartering of Ships, bunkering port handling charges of Coal Indigenous	289.67	461.92
		29,460.46	**29,653.07**

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

Name of the related party	Nature of relationship	31 March 2021	31 March 2020	1 April 2019
Udangudi Power Corporation Limited	Subsidiary	35.50	35.50	35.50
NTPC Tamil Nadu Energy Company Ltd	Joint venture	1,819.11	2,504.61	1,169.33
NLC Tamil Nadu Power Limited	Associate	892.27	818.36	434.73
Suboth Kumar	Joint managing director	-	0.26	-
S. Vineeth	Joint managing director	0.32	0.34	-
Prashant M. Wadnere	Joint managing director	-	-	-
Pankaj kumar bansal	Chairman cum managing director	0.09	-	-
		2,747.29	**3,359.07**	**1,639.56**

f. Details of any guarantees given or received

The Company has taken guarantee from GoTN for certain term loans and non-convertible bonds issued on private placement basis. The GoTN charges a guarantee fee of 0.5% p.a. on the outstanding guaranteed amount once in every half year.

The Company has also taken guarantee from State Bank of India with respect to the arbitration dispute against Videocon Power Limited amounting to INR 128 crores as per the directions of the Registrar General of the Madras High Court. The Company pays a guarantee fee of around 3.8% p.a. to the State Bank of India on the guaranteed amount.

g. Terms and conditions of transactions with the related parties:

Transactions with the related parties are made on normal commercial terms and conditions and at market rates;

Post the restructuring of erstwhile Tamil Nadu Electricity Board and TNEB Limited, all the employees of TNEB were transferred to the Company and subsequently some employees were deputed to TANTRANSCO. The post employee benefits except pension of such employees are accounted in the books of the Company.

(in INR crores)

46 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. 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 segment	Operations
Generation of power	Comprises of generation of power from hydroelectric sources and thermal sources (coal, gas and oil) from plants owned and related ancillary services.
Distribution of power	Sale of power to high tension and low tension customers through distribution network and related ancillary services.

Information about reportable segments

Particulars	31 March 2021			31 March 2020		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment revenue						
External revenue (nature of revenue)	-	48,909.06	48,909.06	-	49,002.82	49,002.82
Revenues from transactions with other operating segments of the same entity (Inter-segment revenue)	9,228.16	-	9,228.16	10,735.30	-	10,735.30
Other income	84.36	5,447.76	5,532.12	106.41	5,006.23	5,112.64
Total segment revenue	**9,312.52**	**54,356.82**	**63,669.34**	**10,841.71**	**54,009.05**	**64,850.76**
Segment expense						
Cost of power generation	5,564.37	1.61	5,565.98	8,525.89	0.05	8,525.94
Cost of power purchase	-	34,178.40	34,178.40	-	33,972.01	33,972.01
Expenses from transactions with other operating segments of the same entity (Inter-segment expense)	-	9,228.16	9,228.16	-	10,735.30	10,735.30
Employee benefit expenses	926.05	3,388.41	4,314.46	343.16	2,537.01	2,880.17
Finance costs	4,326.21	6,616.48	10,942.69	4,274.81	4,648.02	8,922.83
Depreciation and amortization	1,741.43	2,135.49	3,876.92	1,851.98	1,940.33	3,792.31
Other expenses	746.02	327.44	1,073.46	769.41	208.39	977.80
Total segmental expense	**13,304.08**	**55,875.99**	**69,180.07**	**15,765.25**	**54,041.11**	**69,806.36**
Total segmental results	**(3,991.56)**	**(1,519.17)**	**(5,510.73)**	**(4,923.54)**	**(32.06)**	**(4,955.60)**
Add/(Less): Unallocable income/(expense) (net)*	-	-	(2,947.79)	-	-	(2,411.75)
Segment profit (loss) before income tax						
- Current tax	-	-	-	-	-	-
- Deferred tax	-	-	-	-	-	-
Profit after tax	(3,991.56)	(1,519.17)	(8,458.52)	(4,923.54)	(32.06)	(7,367.35)

Tamil Nadu Generation and Distribution Corporation Limited
Notes to the financial statements for the year ended 31 March 2021 (Revised)

(in INR crores)

Other Information

Particulars	31 March 2021			31 March 2020		
	Generation of power	Distribution of power	Total	Generation of power	Distribution of power	Total
Segment assets	55,648.22	73,064.99	128,713.21	49,974.76	68,590.56	118,565.32
Unallocated corporate and other assets	-	-	2,307.29	-	-	2,229.52
Total assets	**55,648.22**	**73,064.99**	**131,020.50**	**49,974.76**	**68,590.56**	**120,794.84**
Segment liabilities	75,928.07	126,115.74	202,043.81	64,099.72	119,766.69	183,866.41
Unallocated corporate and other liabilities	-	-	42,576.62	-	-	42,346.42
Total liabilities	**75,928.07**	**126,115.74**	**244,620.43**	**64,099.72**	**119,766.69**	**226,212.83**

B. 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 generation and distribution of power within the state of Tamil Nadu, all revenue are domestic and all non-current assets are situated in India only.

(in INR crores)

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

The amount of exchange differences (net) debited to the statement of profit and loss during the year is INR 101.92 crores (31 March 2020: INR 40.78 crores).

48 Disclosure as per Ind AS 23 'Borrowing Costs'

Borrowing costs capitalized during the year is INR 3,277.67 crores (31 March 2020: INR 2,865.33 crores).

49 Disclosure as per Ind AS 27 'Separate financial statements'

a) Investment in subsidiary companies:

Company name	Country of incorporation	Proportion of ownership interest (in %)		
		31 March 2021	31 March 2020	1 April 2019
Udangudi Power Corporation Limited (UPCL)	India	100	100	100

b) Investment in joint venture companies:

Company name	Country of incorporation	Proportion of ownership interest (in %)		
		31 March 2021	31 March 2020	1 April 2019
Maha Tamil Collieries Limited (MTCL)	India	74	74	74
NTPC Tamil Nadu Energy Company Ltd (NTECL)	India	50	50	50
Mandakini B Coal Corporation Limited (MCCL)	India	25	25	25

c) Investment in associate companies:

Company name	Country of incorporation	Proportion of ownership interest (in %)		
		31 March 2021	31 March 2020	1 April 2019
NLC Tamil Nadu Power Limited (NTPL)	India	11	11	11

50 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 generation and distribution of power in the state of Tamil Nadu. Considering power generation and distribution 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.

(in INR crores)

51 Commitment and contingent liabilities

S.No.	Particulars	Amount
I	**Contingent liabilities** ***Claims against the Company not acknowledged as debts in respect of:***	
1	Income tax disputes	8.81
2	Excise duty, service tax and customs duty related disputes	43.95
3	Various government disputed dues related to state/ central department or authorities	975.56
4	Pending resolution of disputes with various suppliers and contractors	6,739.68
5	Other disputes including claims relating to employees/ ex-employees	49.92
	Total	**7,817.92**
II	**Commitments**	
1	Estimated amount of contracts remaining to be executed (including projects) on capital account and not provided for	23,040.50

Notes:

1 Relates to short deduction of TDS, penalty, late filing fees etc., which are pending resolution from the Income Tax department.

2 Relates to disputes involving applicability of GST on liquidated damages, training fees, disposal of fly ash etc., which is pending resolution with the Customs Excise and Service Tax Appellate Tribunal ('CESTAT'). Further, the Company has disputes amounting to INR 5.37 crores in respect of determination of transaction value of imported goods under the Customs Act, 1962 which is pending before Deputy Commissioner of Customs.

3 Includes water cess, property tax and demand for unpaid lease on use of land pertaining to forest department which are pending settlement with the concerned government authorities/ local bodies.

4 Includes disputes with various suppliers and contractors pertaining to billing disputes, interest on delayed payment of consideration; claim on liquidated damages etc., Further, the Company has various appeals before filed various the Appellate Tribunal for Electricity ('APTEL') for finalization of capital cost.

5 Includes disputes before labor court relating demand of Employees State Insurance contribution, disputes in the recovery of employees provident fund contributions from contract labourers, dispute in the payment of wage arrears to contract labourers etc.,

(in INR crores)

 # Amount receivable from government towards determination of tariff

The Tamil Nadu Electricity Regulatory Commission ('TNERCs') (Terms and Conditions for Determination of Tariff) Regulations 2005, Notification No. TNERC/TR/5/2 dated 24.06.2005 defines Regulatory Assets as "Whenever the licensee could not fully recover the reasonably incurred cost at the tariff allowed with his best effort after achieving the benchmark standards for the reasons beyond his control under natural calamities and force majeure conditions and consequently there is a revenue shortfall and the Commission is satisfied with such conditions, the TNERC shall treat such revenue shortfall as Regulatory Asset".

In various tariff petitions filed before the TNERC during the year 2010 to 2015, TANGEDCO has prayed to consider the unrecovered portion of losses as regulatory assets to be amortized over a period of 5 years. The aggregate gap for the financial year 2010-11 alone was finally trued up in the tariff order no. 1 dated 20.06.2013 and a sum of INR 4,050 Crores has been approved as Regulatory assets. For amortization of regulatory assets, the GoTN has given in principle approval vide letter dated 07.06.2013, for considering the take over INR 6,353.49 crores of loans takeover under FRP.

The TNERC completed the true-up for FY 2011-12 to FY 2015-16 and arrived regulatory asset of INR 30,884.15 crores and for FY 2016-17, provisional regulatory asset was arrived at INR 2,864.47 crores. In the tariff order no. 1 of 2017 dated 11.08.2017, the TNERC amortized the regulatory asset amount against the loan of INR 22,815 crores taken over by GoTN under UDAY.

However, the loan taken amounting to INR 22,815 crores under UDAY is converted as grants of equal instalments amounting to INR 4,563 crores over 5 years till FY 2021-22. Therefore, amortization of regulatory assets could be done to the extent of grants sanctioned, every year and accordingly, the UDAY grants of INR 4,563 crores has been amortized during FY 2017-18 to FY 2020-21.

The status of creation of regulatory assets, amortization, remaining regulatory assets, balance accumulated losses every year as per the orders of the TNERC are tabulated below:

Year	Accumulated losses	Regulatory asset approved by TNERC		Amortization of regulatory asset	Remaining regulatory asset to be amortized	Remaining accumulated losses to be carried forward
		Tariff order	Amount			
2013-14	(52,466.00)					(52,466.00)
2014-15	(62,203.00)	Suo Moto no.9/ dated 11.12.2014	(4,050.00)	1,000.00	(3,050.00)	(59,153.00)
2015-16	(58,840.00)			1,000.00	(2,050.00)	(56,790.00)
2016-17	(61,178.00)			2,000.00	(50.00)	(61,128.00)
2017-18	(70,992.00)	T.P.No.1 of 2017/ dated 11.08.2017	(33,749.00)	4,563.00	(29,236.00)	(41,756.00)
2018-19	(84,573.00)	TNERC yet to issue order		4,563.00	(24,673.00)	(59,900.00)
2019-20	(97,468.00)			4,563.00	(20,110.00)	(77,358.00)
2020-21	(111,820.00)			4,563.00	(15,547.00)	(96,273.00)

When the tariff order issued for 2018-19 and 2019-20, further amortization of regulatory assets and remaining to be carried forward could be assessed.

Ind AS 114, *Regulatory Deferral Accounts*, permits the Company to apply the requirements of this standard in its first Ind AS financial statements if and only if it conducts rate regulated activities and recognized amounts that quality as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. As the Company had consistently elected not to recognize the regulatory deferral balances in its previous GAAP, the requirement of Ind AS 114 does not apply to the Company.

53 The Board of TANGEDCO in the 66th Board meeting held on 02.12.2016 has approved for creation of corpus fund, initially with a contribution of Rs.20 Crores per month for the purpose of the pension commitment of the company. The Board of TANGEDCO in its 75th Board Meeting dt.10.01.2018 ratified the enhancement of contribution from Rs. 20 Crores to Rs. 50 Crores from April 2017 to October 2017 and Rs. 100 Crores from November 2017 onwards. Accordingly, a dedicated account for the fund and other formalities related with creation of Corpus Fund were initiated. During the year 2018-19, though contribution of Rs.1200 crores was booked, only Rs.100 crores has been invested in the deposit account. During the year 2019-20, only provision Rs.1200 crores has been created, (vide Journal voucher number 19 of Ist Supplemental accounts) no amount invested in this year. During the year 2020-21, provision Rs.1200 crores has been created, (vide Journal voucher number 14 of Ist Supplemental accounts) no amount invested in this year. In the Total deposit Rs.1430.88 cores, Rs. 830.88 crores deposit are renewed as Cumulative deposit for a further period of 3 years. Hence the deposit amount increased from 1430.88 to 1445.63 for this Financial year 2020-21 The interest realized in the Investment of TANGEDCO through non cumulative Pension Corpus fund are not reinvested.

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

Sl.No.	Financial Year	Amount Deposited	Cumulative Amount Deposited	Rate of Interest	Interest received
1	2016-17	Rs. 80.00	Rs. 80.00	8.84%	Rs. 0.88
2	2017-18	Rs.1250.88	Rs. 1330.88	8.84%	Rs. 53.88
3	2018-19	Rs. 100.00	Rs. 1430.88	8.84%	Rs.126.24
4	2019-20	-	Rs. 1430.88	8.84%	Rs.125.61
5	2020-21	-	Rs. 1430.88	8.84% upto 24.08.2020 (146 days), 8.24 upto 31.12.2020 (129 days), 7.75 from 01.01.2021(90 days)	Rs.118.02

54 The employees of the erstwhile Kumbakonam, Thirumayam and Vandavasi Rural Electricity Co-operative Societies were absorbed in TNEB w.e.f August 2005. The accumulated matching employer contribution towards EPF etc., due from the Employees Provident Fund Commissioner is yet to be refunded. TANGEDCO approached the Regional Provident Fund Commissioner to refund the claims for the past years, but so far, no claim has been refunded. Pending receipt of the amount, the pensionery claims of these employees is met from TANGEDCO funds.

The quantum of refund due to TANGEDCO in this regard is given below:

Circle name	Undertakings taken over	Refund claim
Thanjavur	Kumbakonam	Rs. 1.27 crores
Pudukottai	Thirumayam	Rs. 1.96 crores
Thiruvanamalai	Vandavasi	Rs. 0.13 crores
	Total	**Rs. 3.36 crores**

55 Revision of wages to all the employees is due from 01.12.2019. A Wage Revision committee was constituted to negotiate with the Unions/Associations for Revision of Pay Matrix, Revision of work allocation and staff pattern. The commitment of employees cost due to wage revision due could not be quantified at this juncture.

56 The Government of Tamil Nadu has provided Tariff subsidy as compensation for supplying power to certain categories of consumers at free of cost or at subsidized rates. These subsidies are received in advance and any difference with actual consumption over estimate is recognized either as excess subsidy in current liabilities or receivable in current assets. In the year 2020-21, the sanctioned subsidy is Rs.8269.73 crores (Rs.8053.11 crores) has been received, except Rs.45 lakhs towards Hut category (which is received on 28.10.2021).

The Provisional Subsidy approved by the Hon'ble TNERC for the FY 2020-21 was Rs.8269.73 Crores (Rs.8053.11 Crores for FY 2019-20). Hon'ble TNERC also approved Additional Subsidy receivable of Rs.144.25 crores (net) for FY 2018-19 on Truing up. And after adding the additional subsidy, the net amount payable by GoTN during FY 2020-21 was Rs.8413.98 crores. The order for Provisional Tariff Subsidy for FY 2020-21 has been issued by Hon'ble TNERC vide Order No.7 of 2020, dated 20.06.2020.

57 The Hon'ble Division Bench of Madras High Court has passed order on 24.04.2018 by allowing CMA & writ appeal filed by the Pudhucherry Electricity Department.

Consequently, based on the CMD's approval, reconciliation of dues of either side has been made for the period from 2001 to 2019 and upon reconciliation, PED has been addressed vide letter dt.18.06.2021 to make the payment of Rs. 34,70,72,590/- (Rupees Thirty Four Crores Seventy Lakhs Seventy Two Thousand Five Hundred and Ninety only) immediately.

(in INR crores)

58 An EPC contract awarded to Lanco Infratech was terminated due to non- performance. As per the terms of the contract, Bank Guarantees totaling to Rs 723 crores were invoked. This amount was appropriated as detailed below.

Financial year	Adjustment against advance	Income earned as Interest on advance	Income arising out of Liquidated Damages
2017-18	319.8	nil	235.36
2018-19		103.43	64.41
Total		103.43	299.77
Grand Total	Rs. 723.00 Crores		

A proceeding under Corporate Insolvency Resolution Process (CIRP) was initiated by IDBI Bank against the Lanco Infratech. TANGEDCO has submitted total claim of Rs.1882.03 crores under several categories. The liquidator has processed the claims and partially rejecting such claims.

The National Company Law Tribunal (NCLT), Hyderabad Bench has ordered that Liquidator's admission of claim of INR 708.38 crores and rejection of Rs.1173.65 crores is acceptable. TANGEDCO has decided to prefer appeal at Hon'ble NCLAT, New Delhi.

59 The details of expenditure incurred due to up gradation / improvement works arising out of technological obsolescence of fixed assets use in respect of Thermal Station in 2020-21.

Sl. No	Station /Unit	Description	Amount Spent in Crores
1	TTPS	Supply of 2 nos PA Fan motor 6.6KV weather proof Squirrel cage and antification type induction motor to primory air fans in Unit I,II and III /TTPS 14-406/Cr.No 830/17-18dt06.11.2020	0.84
		Supply ertion testing & Commissioning of latest disbuted digital control monitoring system Turbine petiction systems power plant control in unit I 14-406/Cr.No 632/17-18 dt04.12.2019.	1.4
		Supply Erection testing Commissioning of 5No 12KV 1250AMPS SF 6 Circuit breaker wwith truck suitable for retrofiting the existing HL 430 type alind make MOC breakers 1 to 1 replacement AHP stage. 14-405/Cr.No.808/19-20 dt.07.09.2020	0.26
		R&M Replacement of out dated pro control system in ESSS, SBC,STC,APRDS,SADC and scanner system by latest version of DCS for Unit-V 14-405/Cr.No.799/17-18 dt.03.06.2020	3.37

60 During the financial year 1995-96, Coimbatore, Thanjavur Municipal Electrical Undertakings were taken over by the TNEB. The matter of compensation payable or otherwise is under correspondence. Similarly, the Madurai, Pollachi and Karur.

Electrical undertakings were taken over by Tamil Nadu Electricity Board. The issue compensation of Pollachi and Coimbatore Electrical Undertakings was settled. Other Electrical Undertaking issues are under discussion.

A high level committee has been constituted by the Government to look into the issues between the Municipal Electrical Undertakings and the Tamil Nadu Electricity Board, so as to settle the issues amicably. The High Level Committee's period of operation is further extended 30.04.2018 by the G.O.(Rt) No. (Municipal Administration and Water Supply) (MC-II) Department, dt.20.02.2018.

(in INR crores)

61 Status of Joint Venture Companies:

i. Mandakini B coal block:

The Ministry of Coal had de-allocated Mandakini-B Coal Block allocated to four State PSUs including TANGEDCO on 05.12.2012 for non-achievement of milestones and also invoked 50% of the Bank Guarantee submitted by the allottee State PSUs to the Ministry.

The Managing Director of Meghalaya Mineral Development Corporation Ltd, Shillong, expressed their acceptance of the opinion of TANGEDCO to dissolve the MBCCL and release the locked up capital of all companies in MBCCL. Reply is awaited from MBCCL.

TANGEDCO officials met the Project Officer and the Chief Financial Manager of Odisha Mining Corporation, on 09.08.2019 at Bhubaneswar, Odisha regarding dissolution of MBCCL. It was informed that Board meeting is required to be conducted to decide on closing of MBCCL and that the Board meeting would be arranged shortly to proceed further in this regard.

The 19th Board meeting of the company was held on 25.03.21 through VC. It had been insisted by TANGEDCO to windup the company and to share the assets of the company among the JV partners. It had been opined by the Odisha Mining Corporation that MoC may be requested once again to return the invoked Performance Security.

ii. Maha Tamil Collieries Limited:

Ministry of Coal (MoC), Govt. of India, had allocated the Gare Pelma Sector II coal block in Chhattisgarh State for captive mining on 02.08.2006 with estimated coal reserve of 768 Million tonnes jointly to TNEB and Maharashtra State Mining Corporation (MSMC). TNEB and MSMC agreed to share the coal in the ratio of 77 (TANGEDCO) : 23 (MSMC) and formed a joint venture company, "Maha Tamil Collieries Ltd" (MTCL) on 28.08.09. Considering the huge expenditure in transportation of coal from the Gare Pelma sector II coal block to Tamil Nadu, it was proposed to install a pithead thermal power station utilizing TANGEDCO's share of coal from this block.

Due to unavailability of budget provision and difficulty in mobilisation of funds, it was decided to entrust the works of development and operation of the coal block and establishment of a coal based thermal power plant to an external agency through competitive bidding.

The above works were awarded to M/s. Lanco Infratech Ltd. through competitive bidding and they had constituted a separate Project company named "Lanco Mining and Thermal Energy Limited" on 02.09.2011 which was later renamed as "Maha Tamil Mining and Thermal Energy Limited" (Special Purpose Vehicle) on 30.01.2012 for the mining and development of Gare Pelma sector II coal block and for erecting power plant. The Coal Mining Services agreement (CMSA) had been executed between Maha Tamil Collieries Limited (MTCL) and the SPV, Maha Tamil Mining and Thermal Energy Limited, on 01.12.2011.

The Memorandum of Understanding (MoU) had been executed on 19.01.2013 between TANGEDCO and Maha Tamil Mining and Thermal Energy Limited for setting up of a thermal power plant in the State of Chhattisgarh.

As per the Coal Mining Service agreement, the MDO has to submit the Bank Guarantee for Performance Security. However, in order to avoid de-allocation of the coal block, TANGEDCO had furnished the BG for Rs. 211.456 crores. TANGEDCO had requested M/s.MMTEL to reimburse the Bank commission charges of Rs.3,56,78,164 (Rupees Three Crores Fifty Six Lakhs seventy eight thousand one hundred and sixty four only) incurred by TANGEDCO for furnishing the BG and to take care of the subsequent renewal of the Bank Guarantee furnished.

MMTEL had agreed to renew the Bank Guarantee submitted to the Ministry of Coal within subsequent 12 months or before the expiry of the validity period [illegible] period 2014-15. Subsequently, MTCL had returned the Bank commission charges of Rs.7,63,58,185/- (3,56,78,164 + 4,06,77,181 TANGEDCO on 30.09.2015.

The Hon'ble Supreme Court of India vide its order dated 24th Sep 2014 had cancelled the allocations of 214 coal block made by the MoC. The "Gare Pelma sector II coal block" is one among them.

The Ministry of Coal vide letter dated 26.12.14 had requested the allottees whose allocation had been cancelled by the Supreme to furnish the valuation of compensation to be paid to them for the works executed by them in the coal blocks. Maha Tamil Collieries Ltd. Nagpur, had claimed, vide letter dated 03.01.15, a sum of Rs.228 Crore, which includes the amount spent by MTCL and amount claimed by MMTEL (Rs.204.66 Crores) towards the development of Mine Infrastructure including the cost of the Geological Report of Gare Pelma Sector-II coal Block.

TANGEDCO Board had accorded approval for winding up MTCL, through circulation, on 31.03.16. The same had been intimated to MTCL.

The Ministry of Coal, vide Notification No.110/9/2015/NA (Part) dated 11.11.16, determined the amount of Compensation for land and mine-infrastructure as "Nil" for Gare Pelma Sector II coal block.

The Office of the Coal Controller (CCO), Kolkata had returned Rs.43,48,16,953/- to MTCL towards the cost of Geological Report.
MMTEL had requested MTCL to return the Geological Report cost of Rs.43,48,16,953/-, (which was returned by Coal Controller to MTCL) and the EMD of Rs.40Crores, after adjusting the outstanding amount payable by MMTEL to MTCL.

M/s Lanco Infratech Ltd., who had also been awarded the EPC contract for ETPS Expansion project (1 x 660 MW), had submitted Insolvency notice in 2017.
In the 40th Board Meeting of MTCL held on 19.07.18, MTCL was requested to furnish the action taken report for the insolvency proceedings initiated against M/s.Lanco Infratech Ltd., and for utilizing the refund amount of Rs.43,48,16,953/- (towards Geological Report cost from MoC) exclusively towards the development of the stalled projects of M/s. Lanco Infratech Ltd., in Tamil Nadu and Maharastra in the proportion of respective shareholdings in MTCL.

In the 43rd Board meeting of MTCL, it was decided that a Current Account of the company be opened in the Federal Bank Ltd., Nagpur. Further it was also decided to transfer the corpus of Rs.43,48,16,953/- from Yes Bank to Tamil Nadu Power Finance Corporation (TNPFC), Chennai.

TNPFC had informed on 22.05.2019 that they are unable to accept bulk deposits due to pending RBI compliances. As MTCL's fixed deposits were about to mature on 11.07.2019, the amount was placed in fixed deposit with Yes Bank Ltd., Nagpur for a further period of one year.
Later on 02.09.2019, TNPFC informed that they accept bulk deposits and it has been decided to open a fixed deposit account in TNPFC and action is being taken in this regard.

An amount of about Rs.47.68 crore, payable to MMTEL, is available with MTCL. MMTEL had requested for payment of the same. But the same has not been returned by M/s. MTCL to M/s. MMTEL so far. MMTEL has given an unconditional undertaking stating that they would not make any further claim on payment of Rs.47.68 Crore to them. The proposal for release of Rs.47.68 Crore money to MMTEL was taken up in the Board meeting held on 03.05.2021 through VC. The Board had deferred the subject for the next meeting.

iii. Jayamkondam Lignite Power Project

GOTN vide G.O. Ms.No.40, Industries (MID-1) Department, dt.28.3.05 accorded administrative approval for the implementation of JLPP by TNEB in joint venture with NLC. Subsequently, GOTN in the G.O. Ms.No.62, Energy (B2) Dept, dt.06.07.06 have accorded administrative approval to develop JLPP by NLC independently without any investment from GOTN/TNEB and TNEB will play the role of facilitator for the power project by NLC in the Jayamkondam area.

The Jayamkondam Lignite mining and Power Project as a Joint Venture (JV) among NLC and TANGEDCO by keeping TIDCO as project proponent has been changed and a new proposal with methanol production through lignite mining is proposed. The status is being followed with TIDCO.

iv. Cheyyur Ultra Mega Power Project (4000MW)

M/s. PFC consulting Ltd., have formed a SPV named "M/s. Coastal Tamil Nadu Power Ltd (CTNPL). The entire shareholding on this M/s. CTNPL is held by M/s. PFC. TANGEDCO has incurred Rs.49.43 crores towards part of land cost and commitment fees for the project, which is brought into accounts under Investments. In view of the liability of the project, M/s. PFC is proposed to downsize the capacity of the project or to shelve the project with the concurrence of MOP. The final decision is yet to be arrived.

Further, Board of TANGEDCO in its 96th meeting held on 29.09.2020 has accorded in principal approval to purchase shares of SPV and get the order of GoTN. The same has been communicated to GOTN by TANGEDCO in letter dt 07.11.2020. Regarding financial settlement, PFCCL was addressed by TANGEDCO in letter dt 06.02.2021 and communicated TANGEDCO's request for waiver of the additional expenditure incurred by PFC over the commitment fee and its accrued interest and TANGEDCO will pay the land cost on take over of the acquired land. PFCCL furnished their reply in letter dated 16.03.2021 that the waiver can not be considered citing the MOU signed during 2013. In this connection TANGEDCO addressed PFC and MoP vide letter dt 07.04.2021 and 08.04.2021 respectively and requested to arrange for handing over of the acquired land to TANGEDCO and TANGEDCO will pay the land cost and also informed that to resolve all other issues raised by CTNPL/PFCCL including additional expenditure incurred by PFC over and above the commitment fees plus its accrued interest, PFC may call for all procurers meeting through VC to record their views for amicable settlement. As the matter is pending for long time, Secretary/Energy department/GOTN has initiated circulation note regarding closure of cheyyur UMPP.

62 Development and Production of Coal Block

The Ministry of Coal has allotted Chandrabila Coal Block located in Odisha to TANGEDCO vide MoC letter dt. 24.02.2016. Based on the order, TANGEDCO has signed the Coal Block Development and Production Agreement on 30.03.2016.

There are two critical issues which hinders the development of Chandrabila coal block:
1. Lack of area for dumping overburden
2. Forest clearance for Prospecting in forest area

The above matter will be taken up to the Secretary/MoC, New Delhi from the Chief Secretary, Govt. of Tamil Nadu requesting to take up the issue with the MoEF & CC/New Delhi.

TANGEDCO requested MoC for allotment of additional land/area for dumping overburden. To resolve the issue of lack of area for dumping overburden, MoC had constituted a Sub-Committee to consider /examine the issues related to Chandrabila Coal Block, under the Chairmanship of CMD/CMPDIL and comprising of members from TANGEDCO, MoC and MCL.

The Sub-Committee in its final meeting had recommended to MoC to consider for allotment of 0.98 sq.km of additional area to TANGEDCO for dumping of overburden and also to redefine the block boundary. The adequacy of the dump area will be known only after the preparation of mining plan.The proposal for drilling of 16 boreholes for exploration in the forest area of Chandrabila coal block had not been approved by the Regional Empowered Committee (REC) of MoEF & CC, Bhubaneswar, on 08.02.2019.

TANGECO had requested MoEF & CC to arrange for grant of clearance to explore in the forest area of the block. TANGEDCO had also requested MoC to take

The Joint Secretary/MoC, vide letter dated 01.05.2020, had also requested the Secretary, MoEF & CC to take up the matter with the REC of MoEF & CC for an early solution to enable TANGEDCO to expedite the operationalization of the coal block. However, the clearance had not been given yet.

Meanwhile, the consultant had prepared and submitted the bid document for selection of MDO. Open e-tender for selection of MDO had been called for after obtaining the approval of the Board of TANGEDCO on 29.11.2019. Only one bidder had submitted bid. The techno-commercial bid was opened on 07.05.2020 and the bid evaluation is in progress. The tender had been lodged in Sep-2020 as only one bidder had participated. A fresh tender has been floated on 30.12.2020. The tender is scheduled to be opened on 06.08.2021

The Ministry of Coal had issued a show cause notice to TANGEDCO on 04.06.2020 to show causes as to why the Performance Security given by TANGEDCO not be appropriated for not having developed the Chandrabila Coal Block as per the agreed time schedule. Actually, the development of Chandrabila Coal Block was affected due to non-issuance of clearance for exploration in the forest area of the coal block by MoEF & CC. A detailed reply to the show cause notice had been given to MoC on 15.06.2020 and the Ministry of Coal had been requested not to appropriate the Performance Security provided by TANGEDCO as the non-adherence to the agreed time schedule is due to reasons beyond the control of TANGEDCO.

63 Vivad Se Vishwas Scheme 2020 (VSV)

As per the provisions of VSV scheme, the disallowances appealed by erstwhile TNEB/ TANGEDCO before Hon'ble ITAT/Chennai/ CIT(Appeals) will have to be reduced from the business loss of the respective Assessment years. Similarly under VSV scheme, the disallowances allowed by CIT/Appeals which are appealed by the Income Tax Department will have to be reduced by 50% from the Business Loss of the respective Assessment Years. There is no additional tax liability/monetary effect for opting under this scheme as the business loss of the respective years referred in para 1 above have lapsed/will lapse in view of the provisions of the Income Tax Act, 1961 which allows the benefit of carry forward of business loss for a period of 8 years only.

TANGEDCO had filed declaration in Form-1&2 under Vivad Se Vishwas Scheme 2020 (VSV) to settle the disputes pending with the Income Tax Department amounting to Rs.4421.24/- crores for erstwhile TNEB from AY 2005-06 to 2011-12 including Department's appeals (AY 2009-10, 2010-11 & 2011-12) [except Assessee & Department appeal for AY 2006-07 and Department appeal for AY2005-06] and for Rs.2303.37/- crores relating to TANGEDCO for AY 2011-12 to 2014-15 including Department's appeal (AY 2011-12 & 2012-13). VSV Scheme had not been opted for Department appeal for AY 2005-06 as this will lead to loss of Carry forward of all losses of AY 2005-06. VSV Scheme had not been opted for AY 2006-07 as the business loss for that Assessment year is not sufficient to absorb the disallowance required under the scheme.

The status of erstwhile TNEB and TANGEDCO's various Income Tax Returns are furnished in the following table:-

a)Erstwhile Tamil Nadu Electricity board (TNEB)

Assessment year	Disallowance of Expenditure (Rs. in crore)	Assessment Status
2005-06	8.16	Final order in Form-5 under VSV Scheme is yet to be Received.
2006-07 [u/s.143(3) & 263]	629.22	VSV Scheme not availed. Appeals filed are Pending with Hon'ble Income Tax Appellate Tribunal/Chennai
2007-08	990.79	Final order in Form-5 under VSV Scheme received
2008-09	1021.71	Final order in Form-5 under VSV Scheme received
2009-10	262.19	Final order in Form-5 under VSV Scheme received
2010-11 [u/s.143(3) & 263]	1017.98	Final order in Form-5 under VSV Scheme received
2011-12 [u/s.143(3) & 147]	1934.48	Final order in Form-5 under VSV Scheme received

b. TANGEDCO :

Assessment Year	Disallowance (Rs. in crore)	Assessment Status
2011-12	452.76	Final order in Form-5 received under VSV Scheme
2012-13 [u/s.143(3) & 263]	850.94	Final order in Form-5 received under VSV Scheme
2013-14	2748.14	Final order in Form-5 received under VSV Scheme
2014-15	307.37	Final order in Form-5 received under VSV Scheme
2015-16	1891.88	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance portion, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/ Chennai.
2016-17	2281.4	Commissioner/Appeals has issued an order on 07.08.2019 partially allowing TANGEDCO's Appeal. For the disallowance, TANGEDCO has preferred an appeal before the Hon'ble Income Tax Appellate Tribunal/Chennai.
2017-18	3324.44	TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.30.12.2019. Faceless hearing is under progress.
Assessment Year	Disallowance (Rs. in crore)	Assessment Status
2018-19	346.51	Assessment Order issued by DCIT / National e-assessment Centre/ Delhi on 17.04.2021. TANGEDCO has appealed before the CIT/Appeals/Chennai against the Assessment order dt.17.04.2021.
2019-20	--	ITR filed but Scrutiny yet to be started
2020-21	--	ITR filed but Scrutiny yet to be started

A sum of Rs.13.07 crores (from Assessment Year 2000-2001 to Assessment year 2020-21) is pending to be received as Income Tax refund from Income Tax Department and being followed up closely.

64 Ujwal DISCOM Assurance Yojana (UDAY):

Ujwal DISCOM Assurance Yojana (UDAY), a Scheme for the financial turnaround of Power Distribution Companies (DISCOMs), introduced by the Government of India in 2015 with an objective to improve the operational and financial efficiency of the State DISCOMs. According to the scheme, participating states would undertake to achieve operational and financial turnaround of DISCOMs with various measures outlined in UDAY Scheme.

In the financial perspectives, the GoTN, reviewed salient features of UDAY Scheme and the clarification of Government of India regarding Relaxation of Fiscal Responsibility and Budget Management (FRBM) norms and also the ability of the State Government to absorb and service TANGEDCO's loans. Accordingly, GoTN has decided to consider the following under UDAY vide G.O.(Ms) No.1 Energy (C2) Department, Dated 09.01.2017.

Loan as on 30.09.2015 considered under UDAY

i	Total Loans considered for UDAY	30,420
ii	75% to be taken over by GoTN by issue of 15% year Bond with 5 year moratorium.	22,815
iii	25% loans to be serviced by issue of Bonds by TANGEDCO	7,605

Accordingly, the financial aspect under UDAY has been implemented through the following means:

i. MoU under UDAY Scheme has been signed amongst GoI, GoTN and TANGEDCO on 09.01.2017.

ii. GoTN has taken over 75% of the Rs.30,420 crores debt considered under UDAY i.e., Rs.22,815 crores in 2 tranches of Rs.14,000 crore in February 2017 and Rs.8,815 crores in March 2017.
iii. The fund of Rs.22,815 crores transferred to TANGEDCO by GoTN and the loans from Banks and Financial Institutions were settled to that extent by TANGEDCO.
iv. The loan assistance from GoTN under UDAY has been converted into grant into five equal installments from FY 2017-18.
v. Till now, up to FY 2020-21, GoTN has converted Rs.18,252 crore as grant out of loan amount of Rs.22,815 crore. The final instalment of such conversion of Loan of Rs.4563 crores will be due during FY 2021-22.
vi. As per MOU, GoTN has released
- Rs.217.43 crore being the 5% of the losses of financial year 2016-17 in the FY 2017-18.
- Rs.776.08 Crore being 10% of the losses of the FY 2017-18 in the FY:2019-20.
- GoTN has to release Rs.3155.85 Crore being 25% of the losses of the FY:2018-19 and Rs.3000 crores released in the FY:2020-21.
- GoTN has to fund Rs.5982.47 crore being 50% of the losses of the FY:2019-20 in the FY:2020-21, but released Rs.5373.19 crores in FY 2021-22 (before end of Oct'21)

vii. The balance loans of Rs.7,605 crores being 25% considered under UDAY Scheme, has to be repaid by TANGEDCO through issue of bonds, for which the GoTN has issued Government Guarantee vide G.O.(Ms.)No.9, Energy (C2) Dept., dt.20.2.2017 and G.O. (Ms.) No.50, Finance (L&A Cell) Dept., dt.1.3.2017, respectively. As directed in the 76th Board Meeting of TANGEDCO held on 31.01.18, CRISIL was appointed as rating agency on nomination basis to assign credit rating for UDAY bonds and still it is under process.

65 Going concern assumption

The Company is a state PSU and held 100% by GoTN through its holding Company TNEB. The Company is the sole power supplier in the state of Tamil Nadu and is backed by the GoTN. The Company is taking active steps to revise its tarrif to the customers and expect to reduce the operational losses significantly in the near future. Further, the GoTN is funding the yearly losses to the Company through UDAY scheme. Hence the Company does not expect the current financial position to impair its going concern assumption.

Further, on account of transition to Ind AS, the Company's losses compared to its book losses under previous GAAP has reduced. The Company will engage in active discussion with GoTN to work out the loss funding mechanism under Ind AS. Accordingly, the Company has not created any provisions in its books to return the excess loss funding received.

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

The Company's financial statements for the year ended 31 March 2021 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the provisions of the Electricity Act, 2003 to the extent applicable.

The accounting policies set out in Note 2 and 3 have been applied in preparing the financial statements for the year ended 31 March 2021 including the comparative information for the year ended 31 March 2020 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2019.

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

Optional exemptions availed and mandatory exceptions

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

Optional exemptions availed

Deemed cost for Property, plant and equipment, intangible assets and investment properties

As permitted by Ind AS 101, the Company has elected to carry out fair valuation for the major class of assets existing as on the date of transition through an independent consultant and consider it as their deemed cost under Ind AS. For the other categories that are not material, the Company has computed the cost in accordance with the requirements of Ind AS. Fair value arrived by the independent consultant has been adopted by the Company and accordingly the book values are restated to the extent of INR 2,235.77 crores as on 1 April 2019. The Company has also adjusted the previous IGAAP carrying amount for items that are not allowed to be capitalized under Ind AS to arrive at the Ind AS cost for the remaining class of assets.

Investments in subsidiaries, joint ventures and associates

As permitted by Ind AS 101, the Company has opted for the optional exemption to carry its investments in subsidiary at deemed cost. Accordingly, the previous GAAP carrying amount of such investments as on transition date has been taken as deemed cost.

Leases

As per Ind AS 101, the Company on transition has applied modified retrospective approach (option 2) and recognized lease liability at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at the date of transition to Ind AS and measured ROU at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Balance Sheet immediately before the date of transition.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Foreign currency transactions

The Company has elected to apply the Appendix B, Foreign Currency Transactions and Advance Consideration of Ind AS 21 prospectively to all assets, expenses and income in the scope of the Appendix initially recognized before the date of transition to Ind AS.

Mandatory exceptions

Estimates

The Company's estimates in accordance with Ind AS on the date of transition shall be consistent with estimates made for the same date in accordance with previous IGAAP, unless there is an objective evidence that those estimates were in error. The Company has not made any changes to estimates made in accordance with previous IGAAP.

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

- Measurement of defined benefit obligations;
- Key actuarial assumptions;
- Impairment of financial assets based on the expected credit loss model.
- Estimations used for determination of tax expenses and tax balances

Impairment of financial assets

Ind AS 101 requires impairment requirement as per Ind AS 109 to be applied retrospectively. If at the date of transition to Ind AS, the entity expects that it will incur undue costs and efforts in assessing credit risk, an amount equal to life-time credit loss should be recognized at each reporting date till derecognition of such asset.

Government loans

The Company has elected to apply the requirements of Ind AS 109 and Ind AS 20 prospectively to the government loans existing on the date of transition to Ind AS.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition criteria as per Ind AS 109 prospectively and has not recognized any previously derecognized non-derivative financial assets and financial liabilities prior to 1 April 2019 that may qualify for recognition as per Ind AS.

Leases

The Company shall determine whether an arrangement existing at the date of transition to Ind ASs contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has used this exemption and assessed all arranqements based on conditions existing as at the date of transition.

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

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

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

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

	Particulars	31 March 2020 (Last period presented under previous GAAP)				1 April 2019 (Date of Transition)			
		Previous GAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS	Previous GAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS
	ASSETS								
1	**Non-current assets**								
	Property, plant and equipment	59,065.70	(45.41)	2,276.43	61,296.72	59,198.44	(183.69)	2,177.49	61,192.24
	Capital work-in-progress	27,259.11	(339.46)	(340.84)	26,578.81	19,704.27	164.21	-	19,868.48
	Investment property	-	-	58.27	58.27	-	-	58.27	58.27
	Other intangible assets	0.13	-	-	0.13	0.13	-	-	0.13
	Intangibles under development	-	0.53	-	0.53	-	-	-	-
	Financial assets								
	(i) Investments	1,937.66	(204.03)	2.28	1,735.91	1,938.37	(221.70)	19.24	1,735.91
	(ii) Others	2,176.04	147.26	(57.64)	2,265.66	1,434.88	164.22	126.24	1,725.34
	Other non-current assets	726.87	(45.83)	-	681.04	131.30	(43.46)	(0.01)	87.83
	Total non-current assets	**91,165.51**	**(486.94)**	**1,938.50**	**92,617.07**	**82,407.39**	**(120.42)**	**2,381.23**	**84,668.20**
2	**Current assets**								
	Inventories	3,237.67	(363.69)	(576.95)	2,297.03	2,526.68	(376.96)	(108.25)	2,041.47
	Financial assets								
	(i) Trade receivables	6,540.27	0.02	-	6,540.29	6,154.79	(9.60)	-	6,145.19
	(ii) Cash and cash equivalents	2,199.62	-	-	2,199.62	1,239.09	-	-	1,239.09
	(iii) Others	20,043.83	(3,443.64)	(3.15)	16,597.04	18,392.57	(3,458.39)	(145.48)	14,788.70
	Current tax assets (net)	11.18	(0.06)	-	11.12	10.36	(0.07)	-	10.29
	Other current assets	999.27	44.15	(510.22)	533.20	873.21	(0.33)	(515.92)	356.96
	Total current assets	**33,031.84**	**(3,763.22)**	**(1,090.32)**	**28,178.30**	**29,196.70**	**(3,845.35)**	**(769.65)**	**24,581.70**
	TOTAL ASSETS	**124,197.35**	**(4,250.16)**	**848.18**	**120,795.37**	**111,604.09**	**(3,965.77)**	**1,611.58**	**109,249.90**
	EQUITY AND LIABILITIES								
	Equity								
	Equity share capital	20,057.87	-	-	20,057.87	19,778.89	-	-	19,778.89
	Other equity	(78,214.10)	(12,261.61)	(34,999.62)	(125,475.33)	(68,499.05)	(11,825.75)	(31,595.52)	(111,920.32)
	TOTAL EQUITY	**(58,156.23)**	**(12,261.61)**	**(34,999.62)**	**(105,417.46)**	**(48,720.16)**	**(11,825.75)**	**(31,595.52)**	**(92,141.43)**
1	**Non-current liabilities**								
	Financial liabilities								
	(i) Borrowings	107,820.42	0.25	(25,259.99)	82,560.68	106,100.32	-	(31,648.23)	74,452.09
	(ii) Others	-	8,101.07	(3,817.08)	4,283.99	-	6,382.64	(2,516.27)	3,866.37
	Provision	-	-	35,275.68	35,275.68	-	-	31,762.99	31,762.99
	Other non-current liabilities	1,430.06	-	9,142.10	10,572.16	859.22	-	13,668.77	14,527.99
	Total non-current liabilities	**109,250.48**	**8,101.32**	**15,340.71**	**132,692.51**	**106,959.54**	**6,382.64**	**11,267.26**	**124,609.44**
2	**Current liabilities**								
	Financial liabilities								
	(i) Borrowings	16,075.27	-	-	16,075.27	7,338.00	-	-	7,338.00
	(ii) Trade payables	30,870.72	304.73	23.76	31,199.21	23,961.36	1,496.41	6.80	25,464.57
	(iii) Others	22,036.71	678.06	16,518.05	39,232.82	18,600.07	1,035.06	18,305.09	37,940.22
	Provisions	674.00	(674.00)	4,339.21	4,339.21	630.21	(630.21)	3,937.36	3,937.36
	Other current liabilities	3,446.40	(398.66)	(373.93)	2,673.81	2,835.07	(423.92)	(309.41)	2,101.74
	Total current liabilities	**73,103.10**	**(89.87)**	**20,507.09**	**93,520.32**	**53,364.71**	**1,477.34**	**21,939.84**	**76,781.89**
	TOTAL EQUITY AND LIABILITIES	**124,197.35**	**(4,250.16)**	**848.18**	**120,795.37**	**111,604.09**	**(3,965.77)**	**1,611.58**	**109,249.90**

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

Particulars	31 March 2020 (Last period presented under previous GAAP)			
	IGAAP	IGAAP Restatement **	Effect of transition to Ind AS*	Ind AS
INCOME				
Revenue from operations	64,040.26	(11,485.39)	(3,552.05)	49,002.82
Other income	1,515.06	(694.67)	4,584.47	5,404.86
TOTAL INCOME	**65,555.32**	**(12,180.06)**	**1,032.42**	**54,407.68**
EXPENSES				
Cost of power purchases	47,145.89	(13,173.88)	-	33,972.01
Cost of power generation	8,267.41	(73.49)	332.02	8,525.94
Employee benefits	8,887.33	270.47	(3,573.65)	5,584.15
Finance costs	9,356.48	(440.01)	6.36	8,922.83
Depreciation and amortization	2,765.17	787.45	239.69	3,792.31
Other expenses	1,097.98	(39.45)	(80.74)	977.79
TOTAL EXPENSES	**77,520.26**	**(12,668.91)**	**(3,076.32)**	**61,775.03**
Profit before tax	**(11,964.94)**	**488.85**	**4,108.74**	**(7,367.35)**
Tax expense.				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Profit For The Year	**(11,964.94)**	**488.85**	**4,108.74**	**(7,367.35)**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan	-	-	(6,187.97)	(6,187.97)
Total other comprehensive income	-	-	**(6,187.97)**	**(6,187.97)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(11,964.94)**	**488.85**	**(2,079.23)**	**(13,555.32)**

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

Particulars	31 March 2020 (Last period presented under previous GAAP)	1 April 2019 (Date of Transition)
Total equity (shareholders' fund) under previous GAAP	**(58,156.23)**	**(48,720.15)**
Adjustments for prior period correction [A]	(12,261.63)	(11,825.75)
Total equity (shareholders' fund) under previous GAAP (restated)	**(70,417.86)**	**(60,545.90)**
Ind AS Adjustments [B]:		
Actuarial valuation of employee benefits	(35,784.03)	(33,169.48)
Inventory valuation	(576.95)	(108.25)
Impairment of non-financial assets	(510.22)	(515.92)
Impairment of financial assets	(58.51)	-
Exchange loss on account of foreign currency transactions	(42.24)	(5.22)
Liability on administrative expenses in Cheyyur UMPP	(38.87)	(37.25)
Liability on advance lease rent received on lease of land to NTECL	(14.61)	(15.41)
Amortization of capital grant	29.76	20.23
Fair valuation of fixed assets	1,996.07	2,235.77
Total adjustment to equity	**(34,999.60)**	**(31,595.53)**
Total equity under Ind AS	**(105,417.46)**	**(92,141.43)**

[A] Restatement of material prior period errors and omissions:
The Company has restated the carrying amounts as per IGAAP to give effect to the following material prior period corrections:

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

- **Transfer of capital and other reserves:** On transition to Ind AS, the Company has transferred all capital and other free reserves in the nature of revaluation reserve, property insurance reserves, material cost variance reserve and revenue grants to retained earnings to reflect its true nature.

- **Prior period corrections:** On transition to Ind AS, the Company has rectified the prior period errors arising from misaccounting by restating various payables and receivables including restatement of actual coal payables, electricity duty payables and rectification of ineligible costs earlier capitalized to investments, inventory and other non-current assets.

[B] Notes to Ind AS adjustments

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

2 **Inventory valuation:** The Company on transition to Ind AS has measured inventory using the weighted average cost formulae.

3 **Impairment of non-financial assets:** On transition to Ind AS, Company has recognized full impairment provision on decommissioned assets in Ennore Thermal Power Station (ETPS). However, during FY 2019-20 and FY 2020-21, certain minor parts of plant and machinery in ETPS were identified as in usable condition and were transferred to other thermal stations and accordingly the Company reversed the impairment loss to the extent of INR 5.56 crores and INR 2.80 crores in FY 2019-20 and FY 2020-21 respectively.

4 **Impairment of financial assets:** On transition to Ind AS, Company has recognized impairment provision on advances given to various Ultra Mega Power Projects ('UMPPs').

5 **Exchange loss (net) on foreign currency transactions:** The Company has recognized foreign exchange loss (net) arising on account of translation of foreign currency payables using the closing rate as at the end of reporting period.

6 **Liability on administrative expenses in Cheyyur UMPP:** On transition to Ind AS, the Company has recognized liability on the Company's share of expenses payable to Power Finance Corporation Limited on the land portion of the project and share of expenses on the development and general administration of the project.

7 **Liability on lease rent received in advance:** On transition to Ind AS, the upfront lease rent received from NTPC Tamilnadu Energy Company Limited ('NTECL') for the land given on lease, has been recognized as liability to the extent of income recognizable over the remaining lease term.

8 **Amortization of capital grant:** On transition to Ind AS, the Company has recognized the grant income related to depreciable assets in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognized on commissioning of the project.

9 **Fair valuation of fixed assets:** The Company as part of its transition to Ind AS determined the fair value of its property, plant equipment ('PPE'). The fair value is considered to be the deemed cost under Ind AS. The difference between the fair value determined as on the date of transition and the carrying value under the previous GAAP amounting to INR 2,235.77 crores has been recognized in the retained earnings. Under previous GAAP, the Company carried its PPE at its historical cost and depreciated the assets using the rates prescribed by Tamil Nadu Regulatory Commission ('TNERC'). On transition to Ind AS, the Company has determined the technical useful life of the assets for the purposes of depreciation.

V. Savitha (Chief Financial Controller / Ind AS)	**K. Sundaravadhanam** (Director/Finance & Company Secretary) DIN: 08268023	**Rajesh Lakhoni** (Chairman cum Managing Director) DIN: 01288879

As per our report of even date

For Khicha & Prabhu Chartered Accountants Firm No. 050108S **(CA S. Manivannan)** Partner M. No. 201633	**For K. Gopal Rao & Co.** Chartered Accountants Firm No. 000956S **(CA Madan Gopal Narayanan)** Partner M. No. 211784	**For M. Thomas & Co.** Chartered Accountants Firm No. 004408S **(CA J.P.J. Kamalesh)** Partner M. No. 201093

For B. Thiagarajan & Co.
Chartered Accountants
Firm No. 004371S

(CA Ram Srinivasan)
Partner
M. No. 220112

Place: Chennai
Date : 10.03.2023

TAMILNADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

ANNEXURE - Dues from GoTN., Local Bodies & PSUs as on 31.03.2021

(Rs. In Crores)

Sl. No.	Name of the Local Bodies/Government Departments	Defaulter Within 60 Days		Defaulter 61 to 90 Days		Defaulter 91 to 180 Days		Defaulter for More Than 180 Days		Grand Total	
		No.of Scs.	Total Dues	No.of Scs.	Total Dues	No.of Scs.	Total Dues	No.of Scs.	Total Dues	No.of Scs.	Total Dues
1	Local Bodies	126465	26.19	51541	29.93	81953	65.47	209940	813.73	469899	935.31
2	State Governments	12601	2.9	4198	2.54	13991	6.36	45373	78.95	76163	90.75
3	Public Sector Undertaking	727	44.3	167	37.38	492	98.27	7884	1204.26	9270	1384.22
	Total	**139793**	**73.39**	**55906**	**69.85**	**96436**	**170.10**	**263197**	**2096.94**	**555332**	**2410.28**

TAMILNADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

ANNEXURE - C: NOTE NO.30 (4) - LOAN PROFILE - FY 2020-21

(Rs. In Crores)

Sl. No.	Particulars	Account Code	Outstanding at the end of 2019-20 Rs.	Amount received during the year 2020-21 Rs.	Repayments due during the year 2020-21 Rs.	Outstanding at the end of the year 2020-21 Rs.
I	**TNEB Bonds**		**4294.26**	**0.00**	**443.22**	**3851.04**
	TNEB Bonds	52.110	4294.26	0.00	443.22	3851.04
II	**Financial Institutions**		**81865.52**	**51538.99**	**29594.72**	**103809.79**
1	REC	53.310&50.320	17221.64	11670.01	1265.14	27626.50
2	PFC	53.710	23553.13	9162.99	1685.62	31030.49
3	TNPFC	53.729&50.729	37055.15	28856.00	25926.36	39984.79
4	HUDCO	53.720	2876.21	1000.00	168.58	3707.63
5	IREDA	53.757	873.88	850.00	430.88	1293.01
6	NABARD	53.400	285.50	0.00	118.14	167.36
III	**Banks**		**13854.68**	**2980.20**	**2819.54**	**14015.33**
	BANKS	53.864	13854.68	2980.20	2819.54	14015.33
IV	**Government Schemes**		**3086.23**	**430.81**	**218.77**	**3298.28**
1	PMGY LOAN	53.870	8.61	0.00	1.26	7.35
2	RGGVY LOAN	53.871	0.86	0.02	0.10	0.78
3	APDRP LOAN	**53.865**	**53.05**	0.00	14.80	**38.25**
4	R APDRP -A LOAN	53.872	105.11	11.21	0.00	116.32
5	R APDRP -B LOAN	53.873	2292.10	189.58	169.96	2311.72
6	DDUGJY	53.878	180.07	125.60	0.00	305.67
7	IPDS	53.876	446.43	104.40	32.65	518.18
V	**GOTN Loans**		**13538.17**	**170.28**	**4563.00**	**9145.45**
1	Loans	54.201	3392.17	0.00	0.00	3392.17
2	W&M Advance	54.283	1020.00	170.28	0.00	1190.28
3	UDAY Loan	54.340	9126.00	0.00	4563.00	4563.00
Total Long Term, Short Term & Govt. Loan			**116638.86**	**55120.29**	**37639.25**	**134119.90**

TAMILNADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

ANNEXURE - GOTN GUARANTEED LOANS OUTSTANDING as on 31.03.2021

(Rs. in Crores)

Sl. No.	Guarantee Reference Number	Nature of Loan / Bond / Debenture etc.	Finance Dept. G.O. No. & Date	Guarantee Sanctioned	Guarantee Availed	Guaranteed Loan Outstanding as on 31.03.2021
1	341	Bonds	G.O.Ms.No.126 Finance (L&A Cell) Dept.Date:29-4-2011	1500.00	1481.00	559.84
2	354	NABARD Loan	G.O.Ms.No.39 Finance (L&A Cell) Dept.Date:10-2-2012	5000.00	4358.25	167.36
3	361	R-APDRP Loan	G.O.Ms.No.276 Finance (L&A Cell) Dept.Date:19-7-2012	1072.12	961.77	717.11
4	372	FRP Loan - 70%	G.O.Ms.No.92 Finance (L&A Cell) Dept.Date:26-3-2013	18493.45	17529.95	1812.36
5	375	30% cash loss	G.O.Ms.No.367 Finance (L&A Cell) Dept.Date:27-8-2013	2455.00	2425.10	967.89
6	376	Bonds	G.O.Ms.No.178 Finance (L&A Cell) Dept.Date:30-6-2014	3335.80	3298.40	3291.20
7	381	FRP Operational Loss 75%	G.O.Ms.No.39 Finance (L&A Cell) Dept.Date:10-2-2014	2887.00	2563.39	1344.18
8	386	50% Operational Loss	G.O.Ms.No.215 Finance (L&A Cell) Dept.Date:1-9-2014	1030.00	822.13	553.67
9	392	R-APDRP Loan	G.O.Ms.No.60 Finance (L&A Cell) Dept.Date:5-3-2015	35.49	27.49	27.49
10	395	R-APDRP Loan	G.O.Ms.No.111 Finance (L&A Cell) Dept.Date:16-4-2015	44.31	36.95	36.95
11	403	HUDCO Loan	G.O.Ms.No.51 Finance (L&A Cell) Dept.Date:18-2-2016	300.00	300.00	203.39
12	415	HDFC BANK	G.O.Ms.No.267 Finance (L&A Cell) Dept.Date:1-10-2016	700.00	700.00	309.38
13	422	PFC Loan	G.O.Ms.No.99 Finance (L&A Cell) Dept.Date:21-4-2017	7668.90	3314.13	6180.58
14	424	PFC Loan	G.O.Ms.No.120 Finance (L&A Cell) Dept.Date:2-5-2017	3000.00	3000.00	2857.16
15	426	HDFC BANK	G.O.Ms.No.221 Finance (L&A Cell) Dept.Date:25-7-2017	500.00	500.00	529.34
16	435	HUDCO Loan	G.O.Ms.No.45 Finance (L&A Cell) Dept.Date:9-2-2018	1000.00	1000.00	827.50

TAMILNADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

ANNEXURE - GOTN GUARANTEED LOANS OUTSTANDING as on 31.03.2021

(Rs. in Crores)

Sl. No.	Guarantee Reference Number	Nature of Loan / Bond / Debenture etc.	Finance Dept. G.O. No. & Date	Guarantee Sanctioned	Guarantee Availed	Guaranteed Loan Outstanding as on 31.03.2021
						(Cont'd)
17	437	Vijay bank	G.O.Ms.No.109 Finance (L&A Cell) Dept.Date:28-3-2018	1000.00	1000.00	947.63
18	439	SBI	G.O.Ms.No.160 Finance (L&A Cell) Dept.Date:10-5-2018	2000.00	1824.96	1837.23
19	440	IOB	G.O.Ms.No.192 Finance (L&A Cell) Dept.Date:14-6-2018	500.00	500.00	521.81
20	447	REC Loan	G.O.Ms.No.333 Finance (L&A Cell) Dept.Date:5-10-2018	4000.00	4000.00	4000.00
21	448	PFC Loan	G.O.Ms.No.363 Finance (L&A Cell) Dept.Date:10-11-2018	4500.00	4500.00	4290.43
22	454	HUDCO Loan	G.O.Ms.No.127 Finance (L&A Cell) Dept.Date:25-4-2019	1000.00	1000.00	896.55
23	486	REC Loan	G.O.Ms.No.392 Finance (L&A Cell) Dept.Date:20-12-2019	1355.86	1355.86	1355.86
24	503	HUDCO Loan	G.O.(Ms.)No.333, Finance (L&A Cell) Dept., dt.07.09.2020. P-Rs.1000 cr and Int. Rs.847.26	1000.00	1000.00	1000.00
25	507	PFC Loan	G.O.(Ms.)No.378, Finance (L&A Cell) Dept., dt.22.10.2020. P-Rs.1500 cr and Int. Rs.684.01.79	1500.00	1500.00	1408.34
26	508	PFC Loan	G.O.(Ms.)No.385, Finance (L&A Cell) Dept., dt.02.11.2020. P-Rs.12,400 cr along with the	12400.00	6001.36	6001.36
27	509	REC Loan	G.O.(Ms.)No.388, Finance (L&A Cell) Dept., dt.02.11.2020. P-Rs.17,830.30 cr along with the	17830.30	8699.14	8699.14
28	510	Indian Bank	G.O.(Ms.)No.393, Finance (L&A Cell) Dept., dt.10.11.2020. P-Rs.1000 cr.	1000.00	1000.00	799.96
29	511	Canara Bank	G.O.(Ms.)No.425, Finance (L&A Cell) Dept., dt.17.11.2020. P-Rs.500 cr.	500.00	500.00	330.41
30	512	SBI	G.O.(Ms.)No.427, Finance (L&A Cell) Dept., dt.21.11.2020. P-Rs.1500 cr.	1500.00	1500.00	1333.25
31	513	Bank of India	G.O.(Ms.)No.428, Finance (L&A Cell) Dept., dt.23.11.2020. P-Rs.1000 cr.	1000.00	1000.00	1042.49
Total Loans Guaranteed by GoTN				**100108.23**	**77699.88**	**54849.86**