

## Independent Auditor's Report

### To the Members of The Tata Power Company Limited

#### Report on the Audit of the Standalone Ind AS Financial Statements

##### Opinion

We have audited the accompanying standalone Ind AS financial statements of The Tata Power Company Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Management’s assessment of appropriateness of Going Concern assumption</b> (as described in Note 42.4.3 of the standalone Ind AS financial statements)	
<p>The Company has current liabilities of Rs. 10,434.06 crores and current assets of Rs. 3,874.50 crores as at March 31, 2021.</p> <p>Current liabilities exceed current assets as at the year end. Given the nature of its business i.e. contracted long term power supply agreements and a significant composition of cost plus contracts leading to significant stability of cashflows and profitability, management is confident of refinancing and consider the liquidity risk as low and accordingly, the Company uses significant short term borrowings to reduce its borrowing costs.</p> <p>Management has made an assessment of the Company’s ability to continue as a Going Concern as required by Ind AS 1 Presentation of Financial Statements considering all the available information and has concluded that the going concern basis of accounting is appropriate.</p> <p>Going Concern assessment has been identified as a key audit matter considering the significant judgements and estimates involved in the assessment and its dependence upon management’s ability to complete the planned divestments, raising long term capital and / or successful refinancing of certain current financial obligations.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process and tested the internal controls associated with the management’s assessment of Going Concern assumption.</li> <li>• Discussed with management and assessed the assumptions, judgements and estimates used in developing business plan and cash flow projections having regards to past performance and current emerging business trends affecting the business and industry.</li> <li>• Assessed the Company’s ability to refinance its short term obligation based on the past trends, credit ratings, analysis of solvency and liquidity ratios and ability to generate cash flows and access to capital.</li> <li>• Assessed the adequacy of the disclosures in the standalone Ind AS financial statements.</li> </ul>
<b>Revenue recognition and accrual of regulatory deferrals</b> (as described in Note 19 and Note 30 of the standalone Ind AS financial statements)	
<p>In the regulated generation, transmission and distribution business of the Company, the tariff is determined by the regulator on cost plus return on equity basis wherein the cost is subject to prudential norms. The Company invoices its customers on the basis of pre-approved tariff which is based on budget and is subject to true up.</p> <p>The Company recognizes revenue as the amount invoiced to customers based on pre-approved tariff rates agreed with regulator. As the Company is entitled to a fixed return on equity, the difference between the revenue recognized and entitlement as per the regulation is recognized as regulatory assets / liabilities. The Company has recognized Rs. 1,148.45 crore for generation and transmission business and Rs. 573.60 crore for distribution business as accruals as at March 31, 2021.</p> <p>Accruals are determined based on tariff regulations and past tariff orders and are subject to verification and approval by the regulators. Further the costs incurred are subject to prudential checks and prescribed norms. Significant judgements are made in determining the accruals including interpretation of tariff regulations. Further certain disallowances of claims have been litigated by the Company which are in various stages of dispute.</p> <p>Revenue recognition and accrual of regulatory deferrals is a key audit matter considering the significance of the amount and significant judgements involved in the determination.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the Company’s accounting policies with respect to accrual of regulatory deferrals and assessed its compliance with Ind AS 114 “Regulatory Deferral Accounts” and Ind AS 115 “Revenue from Contract with Customers”.</li> <li>• Performed test of controls over revenue recognition and accrual of regulatory deferrals through inspection of evidence of performance of these controls.</li> <li>• Performed substantive audit procedures including: <ul style="list-style-type: none"> <li>o Evaluated the key assumptions used by the Company by comparing it with prior years, past precedents and the opinion of management’s expert.</li> <li>o Considered the independence, objectivity and competence of management’s expert.</li> <li>o Assessed management’s evaluation of the likely outcome of the key disputes based on past precedents and / or advice of management’s expert.</li> <li>o Assessed the impact recognized by the Company In respect of tariff orders received.</li> <li>o Assessed the disclosures in accordance with the requirements of Ind AS 114 “Regulatory Deferral Accounts” and Ind AS 115 “Revenue from Contract with Customers”.</li> </ul> </li> </ul>

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<b>Recognition and Measurement of Deferred Tax</b> <i>(as described in Note 35 of the standalone Ind AS financial statements)</i>	
<p>The Company has recognized Minimum Alternate Tax (MAT) credit receivable of Rs. 437.51 crores as at March 31, 2021. The Company also has recognized deferred tax assets of Rs. 492.56 crores on long term capital loss on sale of investments.</p> <p>Further, pursuant to the Taxation Laws (Amendment) Act, 2019 (new tax regime), the Company has measured its deferred tax balances expected to reverse after the likely transition to new tax regime, at the rate specified in the new tax regime.</p> <p>The recognition and measurement of MAT credit receivable and deferred tax balances; is a key audit matter considering the significance of the amount, judgement involved in assessing the recoverability of such credits, estimation of the financial projections for determination of the year of transition to new tax regime and judgements involved in the interpretation of tax regulations and tax positions adopted by the Company.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read Company's accounting policies with respect to recognition and measurement of tax balances in accordance with Ind AS 12 "Income Taxes"</li> <li>• Performed test of controls over recognition and measurement of tax balances through inspection of evidence of performance of these controls.</li> <li>• Performed substantive audit procedures including: <ul style="list-style-type: none"> <li>o Involved tax specialists who evaluated the Company's tax positions basis the tax law and also by comparing it with prior years and past precedents</li> <li>o Discussed the future business plans and financial projections with the management</li> <li>o Assessed the management's long-term financial projections and the key assumptions used in the projections by comparing it to the approved business plan, projections used for estimation of likely year of transition to the new tax regime and projections used for impairment assessment where applicable.</li> </ul> </li> <li>• Assessed the disclosures in accordance with the requirements of Ind AS 12 "Income Taxes".</li> </ul>
<b>Impairment of assets</b> <i>(as described in Note 5 and Note 7 of the standalone Ind AS financial statements)</i>	
<p>At the end of every reporting period, the Company assesses whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or CGU.</p> <p>The determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use involves significant estimates, assumptions and judgements of the long-term financial projections.</p> <p>The Company is carrying impairment provision amounting to Rs. 3,555.00 crores with respect to Mundra CGU (comprising of investment in companies owning Mundra power plant, coal mines and related infrastructure), Rs. 446.09 crores for investment in Company owning hydro power plant in Georgia and Rs. 100 crores with respect to a generating unit in Trombay. During the year, as the indication exists, the Company has reassessed its impairment assessment with respect to the specified CGUs.</p> <p>Impairment of assets is a key audit matter considering the significance of the carrying value, estimations and the significant judgements involved in the impairment assessment.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the Company's accounting policies with respect to impairment in accordance with Ind AS 36 "Impairment of assets"</li> <li>• Performed test of controls over key financial controls related to accounting, valuation and recoverability of assets through inspection of evidence.</li> <li>• Performed substantive audit procedures including: <ul style="list-style-type: none"> <li>o Obtained the management's impairment assessment</li> <li>o Evaluated the key assumptions including projected generation, coal prices, exchange rate, energy prices post power purchase agreement period and weighted average cost of capital by comparing them with prior years and external data, where available.</li> <li>o Obtained and evaluated the sensitivity analysis</li> </ul> </li> <li>• Assessed the disclosures in accordance with the requirements of Ind AS 36 "Impairment of assets".</li> </ul>

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS 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 for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements 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 Ind AS 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.



## Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the

Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 24 to the standalone Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal  
Partner

Mumbai  
Date: May 12, 2021

Membership Number: 112773  
UDIN: 21112773AAAADG2459

**Annexure 1 to the Independent Auditor's Report referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone Ind AS financial statements of The Tata Power Company Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i) (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except for
  - a. immovable properties aggregating to Rs. 0.88 crore acquired during merger of Chemical Terminal Trombay Limited in the earlier year for which registration of title of deeds is in progress.
  - b. immovable properties aggregating to Rs. 8.01 crore acquired in earlier years for which registration of title of deeds is in progress.

Further registration of title deed is in progress in respect of leasehold land classified under Asset held for sale aggregating to Rs. 215.56 crore (Gross value Rs. 225.65 crore).

According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are pledged with the banks and not available with the Company as described in note 22 of standalone Ind AS financial statements. The same has not been independently confirmed by the bank and hence we are unable to comment on the same.

- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loans to sixteen companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(iii) (b) The Company has granted loans to seventeen companies covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(iii) (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company.

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

We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to generation, transmission and distribution of electricity, arms and ammunitions, Radar, radio navigational aid apparatus and electricals or electronic machinery are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

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- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues applicable to it.
- (b) No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, custom duty, excise duty, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income tax, sales tax, service tax, custom duty, excise duty, value added tax and cess on account of any dispute are as follows:

Name of Statute	Nature of dues	Amount in Crores	Period to which amount relates	Forum where the dispute is pending
The Customs Act, 1962	Customs Duty	34.43	2011-12 and 2012-13	The Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		3.60	2004-05 to 2005-06	CESTAT
		1.37	2004-05 to 2005-06 and 2009-10	Principal Commissioner of Customs
The Central Excise Act, 1944	Excise Duty	0.81	1993-94 to 1995-96	CESTAT
The Water (Prevention & Control of Pollution) Cess Act, 1977	Cess	1.13	2009-10	Chairman, Maharashtra Pollution Control Board (MPCB)
Income Tax Act, 1961	Income Tax	8.99	2008-09	Income Tax Appellate Tribunal
		1.08	2009-10	
		100.19	2011-12 - 2014-15	
	Tax deducted at source	50.19	2016-17	Commissioner of Income Tax (Appeals)
The Finance Act, 1994	Service Tax	375.29	July 2012 to June 2017	High Court
		5.86	2011-12 to 2014-15	CESTAT
		0.25	2007-08	Joint Commissioner (Appeals)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilized the monies raised by way of debt instruments in the nature of debentures and term loans for the purposes for which they were raised. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) 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.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management,

we report that the amounts raised, have been used for the purposes for which the funds were raised. Further, according to the information and explanations to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal  
Partner  
Membership Number: 112773  
UDIN: 21112773AAAADG2459

Mumbai  
Date: May 12, 2021



## Independent Auditor's Report

### Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of The Tata Power Company Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, as amended ("the Act")

We have audited the internal financial controls over financial reporting of The Tata Power Company Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). 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, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone Ind AS financial statements 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 standalone Ind AS 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 internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements

and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, 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 issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal  
Partner  
Membership Number: 112773  
UDIN: 21112773AAAADG2459

Mumbai  
Date: May 12, 2021

