



Independent Auditor's Examination Report on Restated Consolidated Financial Information

To
The Board of Directors
NTPC Green Energy Limited
NTPC Bhawan, Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

Dear Sirs / Madams,

- 1) We have examined, the attached Restated Consolidated Financial Information of NTPC Green Energy Limited (the "Company" or the "Holding company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries collectively referred to as the "Group"), and its joint venture company, comprising the Restated Consolidated Statement of Assets and Liabilities as at 30 September 2024, 30 September 2023, 31 March 2024 and 31 March 2023, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the six months period ended 30 September 2024 and 30 September 2023, for the year ended 31 March 2024 and for the period beginning from 7 April 2022 (date of incorporation of the Company) to period ended on 31 March 2023, the summary statement of material accounting policies, read together with the notes thereto (collectively, the 'Restated Consolidated Financial Information'), as approved by the Board of Directors of the Company at their meeting held on 30 October 2024, for the purpose of inclusion in the Red Herring Prospectus ("RHP") / Prospectus (collectively referred to as "Offer Documents") to be prepared by the Company in connection with its proposed initial public offer of equity shares ("IPO").

The Restated Consolidated Financial Information prepared in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act");
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI"); and
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").
- 2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in Offer Documents to be filed with SEBI, BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (collectively, the "Stock Exchanges") where the equity shares are proposed to be listed and the Registrar of Companies, National Capital Territory of Delhi and Haryana, in connection with the IPO. The Restated Consolidated Financial Information has been prepared by the management of the Company on the basis of preparation stated in Note No. 1(B) to the Restated Consolidated Financial Information. The respective Board of Directors of the companies included in the Group and of the joint venture company are responsible for designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of respective restated financial information. The respective Board of Directors of the companies are also responsible for identifying and ensuring that the Group and the joint venture company complies with the Act, the ICDR Regulations and the Guidance Note.
- 3) We have examined such Restated Consolidated Financial Information taking into consideration:
- (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 30 August 2024, in connection with the IPO;



- (b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India;
- (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
- (d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

- 4) These Restated Consolidated Financial Information have been compiled by the management from:
- (a) the audited consolidated financial statements of the Group and its joint venture company as at and for the six months periods ended 30 September 2024 and 30 September 2023, which have been approved by the Board of Directors at their Board meeting held on 30 October 2024, and the audited consolidated financial statements of the Group and its joint venture company as at and for the year ended 31 March 2024, which have been approved by the Board of Directors at their Board meeting held on 17 May 2024, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015 as amended and other accounting principles generally accepted in India.
 - (b) the audited consolidated financial statements of the Group as at and for the period beginning from 7 April 2022 to the period ended on 31 March 2023 prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their Board meeting held on 15 May 2023.

5) For the purpose of our examination, we have relied on:

- (a) Auditors' reports dated 30 October 2024 issued by us on the consolidated financial statements of the Group and its joint venture company as at and for the six months period ended on 30 September 2024 and 30 September 2023 and auditors' report dated 18 May 2024 issued by us on the consolidated financial statements of the Group and its joint venture company as at and for the year ended 31 March 2024 as referred in Paragraph 4(a) above;
- (b) Auditor's reports dated 15 May 2023 issued by the previous auditor (the "Previous Auditor") on the consolidated financial statements of the Group as at and for the period beginning from 7 April 2022 to the period ended on 31 March 2023 as referred in Paragraph 4(b) above.

The audit for the period beginning from 7 April 2022 to the period ended on 31 March 2023 was conducted by the Company's Previous Auditor and accordingly reliance has been placed on the audited standalone and consolidated statement of assets and liabilities, the audited standalone and consolidated statement of profit and loss (including comprehensive income), the audited standalone and consolidated statement of changes in equity, the audited standalone and consolidated statement of cash flows and Significant Accounting Policies and other explanatory information audited by them for the said period. The examination report on the restated standalone financial statements included for the said period issued by us is based solely on the report submitted by the Previous Auditor on the standalone financial statements of the Company for the said period.

- (c) The examination report on the Restated Consolidated Financial Information for the six months period ended 30 September 2024 and 30 September 2023 and for the year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023, as applicable, in so far as it relates to both the subsidiaries and the joint venture company, is based solely on the examination reports issued by other auditors on the standalone financial statements / consolidated financial statements (as applicable) of these subsidiaries and joint venture as set out in Appendix A.

These other auditors of the subsidiaries and of joint venture as mentioned above, have examined the restated standalone / consolidated financial information for the aforementioned subsidiaries and joint venture and have confirmed that the restated standalone / consolidated financial information:

- i. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the period beginning from 7 April 2022 to the period ended on 31 March 2023, six months period ended 30 September 2023 and for the year ended 31 March



2024 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six months period ended 30 September 2024;

- ii. do not require any adjustments for modification as there is no modification in the underlying audit reports; and
 - iii. have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
- 6) (a) We did not audit the financial statements of both the subsidiaries included in the Group for the six months period ended 30 September 2024 and 30 September 2023 and for the year ended 31 March 2024, whose share of total assets, total revenues and net cash inflows / (outflows) included in the consolidated financial statements, for the relevant period / year is tabulated below, which have been audited by other auditors, as set out in Appendix A, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors:

(₹ in Million)

Particulars	As at and for the six months period ended 30 September 2024	As at and for the six months period ended 30 September 2023	As at and for the year ended 31 March 2024
Total assets	1,59,561.36	36,511.59	1,03,352.13
Total revenue	785.57	0.35	115.07
Net cash inflows/ (outflows)	12,495.85	(601.19)	(604.30)

- (b) We did not audit the financial statements of joint venture company for the six months period ended 30 September 2024 and 30 September 2023 and from the date of incorporation i.e. 2 June 2023 to 31 March 2024 included in the Consolidated Financial Statements whose share of profit / (loss), for the relevant periods are (₹ 13.75 Million), ₹ Nil and (₹ 0.02 Million) respectively, which have been audited by other auditor, as set out in Appendix A, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture company, is based solely on the report of the other auditor.

Our opinion on the restated consolidated financial information is not modified in respect of these matters.

- 7) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by other auditors for the respective year / period, we report that the Restated Consolidated Financial Information:

- i. have been prepared after incorporating adjustments for the change in accounting policies, material errors and regrouping / reclassifications retrospectively in the period beginning from 7 April 2022 to the period ended on 31 March 2023, for the six months period ended 30 September 2023 and financial year 2023-24 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six months period ended 30 September 2024 as stated in Notes 33 and 53;
- ii. do not require any adjustment for modification as there is no modification in the underlying audit reports referred in paragraph 5 above; and
- iii. includes certain observations appearing in the consolidated financial statements for the six months period ended 30 September 2024 and 30 September 2023, for the year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023 which do not require any corrective adjustments in the Restated Consolidated Financial Information which have been disclosed in **Annexure A** to the examination report dated 30 October 2024 on the restated consolidated financial information (refer Note 53 Part C), are as under:
 - a. Observations as per the Companies (Auditor's Report) Order, 2020 ("CARO 2020") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act and on Internal financial Controls over financial reporting, for the financial year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023;



- b. Observations in the Emphasis of Matter and 'Report on Other Legal and Regulatory Requirements' paragraphs of audit reports for the six months period ended 30 September 2024 and 30 September 2023, for the financial year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023, and
- c. Information in respect of the directions issued by the Comptroller and Auditor general of India for the year / period ended 31 March 2024 and 31 March 2023.
- iv. have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
- 8) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, other assurance and related services Engagements issued by ICAI.
- 9) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the audit reports on the consolidated financial statements mentioned in paragraph 5 above.
- 10) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors or other auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 12) Our report is intended solely for use of the Board of Directors for inclusion in the RHP / Prospectus to be filed with SEBI, Stock Exchanges and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For P R Mehra & Co.
Chartered Accountants
Firm's Registration No: 000051N

Ashok Malhotra

Ashok Malhotra
Partner
Membership No: 082648



New Delhi
30 October 2024

UDIN:24082648BKGEJU2807

Appendix A to the Examination report on Restated Consolidated Financial Information

List of Company, subsidiaries and joint venture company audited by other auditors:

<u>Company</u>	<u>Year / Period ended</u>	<u>Name of the auditor</u>
1. NTPC Green Energy Limited (Issuer)	7 April 2022 to 31 March 2023.	Rasool Singhal & Co
2. Subsidiaries:	Period ended 30 September 2024 and 30 September 2023 & Year Ended 31 March 2024 \$	
i. NTPC Renewable Energy Limited		A. N. Garg & Company #
ii. Green Valley Renewable Energy limited		* Purushothaman Bhutani & Co #
NTPC Renewable Energy Limited	Year ended 31 March 2023	K L C & CO.
3. Joint Venture Company:	Period ended 30 September 2024 and 30 September 2023 & Period ended 31 March 2024	
INDIANOIL NTPC Green Energy Private Limited		JPMG & ASSOCIATES LLP #

*Statutory auditor of the subsidiary company do not hold peer review certificate.

Statutory auditors of these subsidiaries and joint venture have also issued examination reports on the respective standalone financial statements for the six months periods ended 30 September 2024 and 30 September 2023, for the year ended 31 March 2024 and for the period beginning from 07 April 2022 to the period ended on 31 March 2023.

\$ Statutory auditor of NTPC Renewable Energy Limited also issued examination report on the consolidated financial information for the six months periods ended 30 September 2023 and year ended 31 March 2023 as the Green Valley Renewable Energy limited was its subsidiary till 13 December 2023.



ANNEXURE A TO THE AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

Key Audit Matters, Emphasis of Matter, Other Matters and other observations paragraphs contained in the Audit Reports for the six months periods ended 30 September 2024 and 30 September 2023, for the year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023. The figures are mentioned in '₹ in Million' although the figures in Auditor's Reports for the year ended 31 March 2024 and for the period beginning from 7 April 2022 to the period ended on 31 March 2023 are in '₹ in Crore'. The note numbers referred pertain to Restated Consolidated Financial Information and not those mentioned in original Auditor's reports of the respective years / periods.

i) Auditor's Report on the Interim Consolidated Financial Statements for the six months periods ended 30 September 2024 and 30 September 2023

Emphasis of Matter

We draw attention to the following matters in the notes to the Interim Consolidated Financial Statements:

- Note No. 32(a) regarding balance confirmations from parties. We note that no balance confirmation requests were sent to customers appearing under trade receivables and to other parties as on 30 September 2024 and 30 September 2023 as the Company has practise to issue such letters only once in a year as on 31 December. These balances are subject to confirmation / reconciliation and adjustment, if any, will be accounted for on confirmation / reconciliation of the same.
- Note No. 48(c) regarding entering into a lease deed on 19 February 2024 for 1,200 acres of land for a period of 33 years for development of the Green Hydrogen Hub in the State of Andhra Pradesh. As per the approval of the Board of Directors of the NTPC Limited "the ultimate holding company" and of the Company, an amount of ₹ 10,034.52 Million (net of refund received) incurred by holding company on this land was reimbursed by the Company to the holding company. Entire amount reimbursed is shown under "Right of Use asset" as on 31 March 2024 and 30 September 2024. Amortization of ROU, kept in Capital Work in Progress amounting to ₹ 202.75 Million as on 30 September 2024 and ₹ 50.85 Million as on 31 March 2024, commenced w.e.f. 19 February 2024 taking lease term as 33 years as the identification of underlying assets to be acquired and their useful life is yet to be ascertained by the management.
- Foot-note (a) to Note 2 regarding the title deeds of all the immovable properties, which are included under the head property, plant and equipment, are held in the name of the company as on 30 September 2024 and 30 September 2023 except as follows:

Description of property	Gross carrying value (₹ in Million)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in the name of company
(1)	(2)	(3)	(4)	(5)	(6)
Land-Freehold 5,458.05 Acres (5,458.05 Acres)	2381.72 (2381.72)	NTPC Limited	Promoter	Since 28.02.2023	Pending legal formalities.
Land-Freehold 7.85 Acres (Nil)	4.55 (Nil)	Number of land owners	No	Financial Year 2023-24	Pending legal formalities.



Land- Right of Use 8,136.72Acres (8,136.72Acres)	2347.98 (2405)	NTPC Limited	Promoter	Since 28.02.2023	Pending legal formalities.
Plant buildings, boundary walls etc.	1027.23 (1,007.20)	NTPC Limited	Promoter	Since 28.02.2023	As stated above, transfer of title deeds of land, over which these assets are constructed, are pending.

Note: Figures in brackets represents area and amount as on 30 September 2023.

Our opinion on the Interim Consolidated Financial Statements is not modified in respect of these matters.

A. Other Matters

We did not audit the interim standalone financial statements of two subsidiaries, whose interim standalone financial statements (before eliminating intercompany balances / transactions) reflect total assets of ₹1,59,561.36 Million and ₹ 36,511.59 Million as at 30 September 2024 and 30 September 2023 respectively, total revenues of ₹ 785.57 Million and ₹ 0.35 Million and net cash inflows / (outflows) amounting to ₹12,495.85 Million and ₹ (601.19) Million for the six months periods ended 30 September 2024 and 30 September 2023 respectively, as considered in the interim consolidated financial statements, whose financial statements have not been audited by us. The Group's share in net loss using the equity method is ₹ 13.75 Million and ₹ Nil for the six months ended 30 September 2024 and 30 September 2023 in respect of one joint venture company whose interim standalone financial statements have not been audited by us. These interim standalone financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and its joint venture company, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

ii) Auditor's Report on Consolidated Financial Statements for the year ended 31 March 2024

A. Emphasis of Matter:

We draw attention to:

- Note No. 32(a) regarding obtaining periodic balance confirmations from parties. We note that no balance confirmation requests were sent to customers appearing under trade receivables and to certain other parties as on 31 December 2023. Some of such balances are subject to confirmation / reconciliation and adjustment, if any, will be accounted for on confirmation / reconciliation of the same.
- Note No. 48(c) regarding entering into a lease deed on 19 February 2024 for 1,200 acres of land for a period of 33 years with Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for development of the Green Hydrogen Hub in Andhra Pradesh whereas this land was earlier on lease with NTPC Limited ("Ultimate Holding Company") since year 2014 and APIIC now agreed for transfer of allotment in the name of the Holding Company. As per the approval of the Board of Directors of the Ultimate holding Company and of the Holding Company, an amount of ₹10,034.52 Million (net of refund received) incurred by ultimate holding company till date was reimbursed by the Holding Company to the Ultimate Holding Company which includes down payment of lease charges of ₹7284.60 Million and various other charges, including interest on unpaid dues of land, GST on interest paid, restoration charges and various other amounts, aggregating to ₹2,749.92 Million. Entire amount reimbursed is shown under "Right of Use asset" as on 31 March 2024. Amortization of ROU commenced w.e.f. 19 February 2024 taking lease term as 33 years as useful life of underlying asset is not ascertainable at this stage.

Our opinion is not modified in respect of these matters.



B. Key Audit Matters:

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment assessment of Property, Plant and Equipment (PPE)</p> <p>The Company has a material operational asset base (PPE) relating to generation of electricity.</p> <p>We considered this as a key audit matter as the carrying value of PPE requires impairment assessment based on the future expected cash flows associated with the power plants (Cash Generating Units). (Refer Note No. 39 to the Restated Consolidated Financial Information, read with the Material Accounting Policy No. 1C.15)</p>	<ul style="list-style-type: none"> - Read the Company's Material Accounting Policy with respect to impairment in accordance with Ind AS 36 "Impairment of Assets". - We have obtained an understanding and tested the design and operating effectiveness of controls as established by the Company's management for impairment assessment of PPE. - We evaluated the Company's process of impairment assessment in assessing the appropriateness of the impairment model including the independent assessment of discount rate, projected generation, power purchase agreements period etc. - We evaluated and checked the calculations of the cash flow forecasts prepared by the Company taking into consideration the Tariff rates applicable for the tariff period of 25 years from commencement of operations of assets along with the aforementioned assumptions. - Based on the above procedures performed, we observed that the Company's impairment assessment of the PPE is adequate and reasonable.

C. Other Matters

1. The Consolidated Financial Statements of the Group for the year ended 31 March 2023, prepared in accordance with Ind AS have been audited by the predecessor auditor. The report of the predecessor auditor dated 15 May 2023 expressed an unmodified opinion.
2. We did not audit the financial statements / financial information of both the Subsidiaries included in the Consolidated Financial Statements, whose financial statements reflect total assets of ₹ 1,03,352.13 Million as at 31 March 2024, total revenue of ₹ 115.07 Million and net cash outflows amounting to ₹ 604.30 Million for the year ended on that date, as considered in the Consolidated Financial Statements. The Group's share in net loss using the equity method is ₹ 0.02 Million for the year ended 31 March 2024 in respect of one joint venture company whose financial statements have not been audited by us. These financial statements have been audited by their respective independent auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors and the procedures performed by us as stated in Auditors' Responsibility section above after considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters as stated in (1) & (2) above, with respect to our reliance on the work done and the reports of the other auditors, the financial statements / financial information certified by the Holding Company's Management.

D. Report on Other Legal and Regulatory Requirements:

Companies (Auditor's Report) Order, 2020 ("CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act:

1. Paragraph No 3(xiv)(a) in CARO Report on Standalone Financial Statements of the Company:

"In our opinion and based on our examination, internal audit system needs improvement, in terms of (i) frequency of reporting, which is annual at present (ii) adequate coverage of operational activities/ areas of



business conducted by the Company and (iii) adequate coverage of transaction audit including year-end material transactions, to make it commensurate with the size and nature of its business”.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on the separate financial statements and other financial information of subsidiaries and joint venture as mentioned in the ‘Other Matters’ paragraph, we report, to the extent applicable, that:

Except for the following matter relating to holding company, 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.

“Employee benefit expenses including various allowances, benefit and other reimbursements to employees e.g. medical expenses, foreign / inland travelling expenses etc. amounting to ₹381.14 Million, relating to employees of NTPC Limited (ultimate holding company) on secondment with the Company, have been posted directly in the books of account of the Company by NTPC Limited through its payroll module which is being operated and controlled by NTPC Limited. We are informed that all the relevant details & supporting documents w. r. t. these expenses are maintained by NTPC only and the Company receives employee-wise details of net payments to be made & TDS to be deposited monthly. Accordingly, no details / documents were made available to us for our audit purposes”.

E. Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

- (i) Regarding operating effectiveness of internal financial controls with reference to Consolidated Financial Statements for the year ended 31 March 2024, we report as under:

1. Even though the reconciliation statements are prepared quarterly and signed by the Holding Company and customer (trade receivables), balance confirmation letters are not being sent to customers. In our opinion, balance confirmation should also be sought from customers annually. Refer Note No. 32(a).
2. Employee benefit expenses including various allowances, benefit, and other reimbursements to employees of NTPC Limited (“Ultimate Holding Company”) on secondment with the Holding Company, are being posted directly in the books of account of the Holding Company by NTPC Limited through its payroll module which is being operated and controlled by NTPC Limited. We are informed that all the relevant details & supporting documents w. r. t. these expenses are maintained by NTPC only and the Holding Company receives employee-wise details of net payments to be made & TDS to be deposited monthly which results in no verification of these expenses by the Holding Company.
3. As per Ind AS 16 “Property, Plant and Equipment” (“PPE”), Items of spare parts, stand-by equipment and servicing equipment which meet the definition of PPE are to be capitalized. Even though procedure exists for identification / codification of such items, however, no item-wise consolidated list of such identified items, has been prepared by the Holding Company. In our opinion, a consolidated list of identified items to be classified as PPE should be compiled and updated at regular intervals to ensure that no such item is classified and held as inventory at the year end.

(ii) Other Matters relating to Internal Financial Control:

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated financial Statements of the Holding Company, in so far as it relates to two subsidiaries and one joint venture incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Refer Appendix A.

Our report is not modified in respect of the above matter.

F. C&AG comments on Consolidated Financial Statements

Comments on Consolidated Statement of Cash Flows

Cash Flow from Financing Activities: ₹ 83,111.30 Million



Para 6 of Ind AS 7 stipulates that “Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents” while “Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity”.

Expert Advisory Committee of ICAI opined (04 January 2018) on classification of government grants related to assets in the statement of cash flows that receipt of grant related to assets is to be classified under investing activity.

‘Cash flow from Financing Activities’ includes ₹ 6,403.25 Million on account of capital grant received from Solar Energy Corporation of India under MNRE scheme for setting up for Solar PV Power Projects to meet out the capital expenditure. Against the above said EAC opinion, the company classified this grant under ‘Cash Flow from Financing Activities,’ instead of under ‘Cash Flow from Investing Activities.’

This resulted in overstatement of ‘Cash Flow from Financing Activities’ and understatement of ‘Cash Flow from Investing Activities’ by ₹ 6,403.25 Million each.

iii) Auditor’s Report on Consolidated Financial Statements for the year ended 31 March 2023

A. Other Matters

a. We did not audit the financial statements/financial information of the subsidiary included in the Consolidated Financial Statements, whose consolidated financial statements reflects total Assets of ₹ 26,494.93 Million and Total Equity ₹10,897.59 Million as at 31 March, 2023; total Income of ₹ 0.36 Million, total comprehensive loss of ₹ 13.56 Million and Net Cash Inflows amounting to ₹ 562.96 Million for the period ended on that date, as considered in the Consolidated Financial Statements. These consolidated financial statements have been audited by their respective independent auditors whose reports have been furnished to us by the management and our opinion on the statement, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors and the procedures performed by us are as stated in Auditor’s Responsibility section above after considering the requirement of Standards on Auditing (SA 600) on “Using the work of Another Auditor” including materiality.

b. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters as stated in para (a) above, with respect to our reliance on the work done and reports of the other auditors, the financial statements/ financial information certified by the Holding Company’s Management.

c. The Property, Plant & Equipment has been transferred to the company by its listed holding company (i.e. NTPC Limited) on 28 February 2023. We have accordingly relied upon the statutory auditors of the transferor (i.e. NTPC Limited) who have confirmed that the management of the transferor company has physically verified these Property, Plant & Equipment, at reasonable intervals; and no material discrepancies were noticed on such verification.

d. The inventory has been transferred to the company by its listed holding company (i.e. NTPC Limited) on 28 February, 2023. We have accordingly relied upon the statutory auditor of the transferor (i.e. NTPC Limited) who have confirmed that the management of the transferor company has physically verified these inventories, at reasonable intervals and the coverage and procedure of such verification by the management was appropriate; and no material discrepancies were noticed on such verification

B. C&AG Comments on Consolidated Financial Statement

Current Assets – Other Financial Assets (Note 10) - ₹ 3,922.06 Million

Para 8.1.12 of Guidance Note on Division II - Ind AS Schedule III, Companies Act 2013, inter-alia states that Capital advances are advances given for procurement of Property, Plant and Equipment, which are non-current assets; typically, companies do not expect to realize them in cash, rather, over the period, these get converted into Property, Plant and Equipment; hence, capital advances should be treated as other non-current assets irrespective of when the Property, Plant and Equipment are expected to be received. ‘Other Financial Assets’, however, includes ₹116.06 Million deposited by the company with NTPC Limited in respect of transfer of land pockets in



respect of Rojmal and Jetsar solar projects, which in view of the above said Para 8.1.12 should be classified as Capital Advances under Non-Current Assets.

'Other Financial Assets' is therefore overstated and Capital Advances under 'Other Non-Current Assets' (Note 6) is understated, each by ₹116.06 Million.

