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Report on the Audit of the Special Purpose Carved Out Combined Financial Statements of NTPC RE Group

To
The Board of Directors
NTPC Green Energy Limited
Opinion

We have audited the accompanying Special Purpose Carved Out Combined Financial Statements of 15 solar/ wind units (“RE Assets”) of NTPC Limited (“NTPC” or the “Holding Company”) and NTPC Renewable Energy Limited (“NREL”) and NTPC Green Energy Limited (“NGEL” or the “Issuer”) (the 15 RE Assets of NTPC Ltd., NREL and NGEL hereinafter collectively referred to as “NTPC RE Group”) which comprise the carved out combined balance sheet as at March 31, 2023 and March 31, 2022 and the related carved out combined statement of profit and loss, carved out combined statement of changes in equity/owner’s net investment and carved out combined statement of cash flows for the financial years then ended, and material accounting policy information and other explanatory information (collectively, referred to as the “Special Purpose Carved Out Combined Financial Statements”). The Special Purpose Carved Out Combined Financial Statements are prepared by NTPC’s management in accordance with the basis of the preparation as set out in Note No. 1(B) thereto, solely for use in relation to the preparation of the Draft Red Herring Prospectus, Red Herring Prospectus and a Prospectus, and any other documents in relation to the IPO (as defined herein after) (together, the “Offer Document”) to be filed by NGEL with the Securities and Exchange Board of India (SEBI), BSE Limited (“BSE”), National Stock Exchange (“NSE”) (together with BSE the “Stock Exchanges”) and Registrar of Companies (RoC), NCT of Delhi and Haryana in connection with the proposed initial public offer of equity shares (“IPO”) of NGEL.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, the accompanying Special Purpose Carved Out Combined Financial Statements is prepared, in all material respects, in accordance with the basis of preparation as set out in Note No. 1(B) thereto and give a true and fair view of the state of affairs of the NTPC RE Group as at March 31, 2023 and March 31, 2022 and of its profit (including other comprehensive income), statement of changes in equity/owner’s net investment and its cash flows for the financial years then ended in accordance with the Guidance Note on Combined and Carved Out Financial Statements (the ‘Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’) and the accounting principles generally accepted in India, including Ind AS.

Basis for Opinion

We conducted our audit in terms of our engagement letter dated August 31, 2024 to carry out an audit of the Special Purpose Carved out Combined Financial Statements in accordance with the Guidance Note issued by ICAI and the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the “Act”) issued by the ICAI. Our responsibilities under those SAs are further described in the Auditors’ Responsibilities for the Audit of the Special Purpose Carved Out Combined Financial Statements section of our report.

We are independent of the Holding Company and the Issuer 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 Special Purpose Carved Out Combined Financial Statements, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Carved Out Combined Financial Statements.

Emphasis of Matter

We draw attention to Note No. 1(B) to the Special Purpose Carved Out Combined Financial Statements, which describes the basis of preparation.

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

Other Matters:

1. The financial information of 15 RE Assets for the period from April 1, 2022 to February 28, 2023 and for the year ended March, 31, 2022 included in the Special Purpose Carved Out Combined Financial Statements were included in the standalone financial statements of NTPC for the years ended March 31, 2023 and March 31, 2022 respectively, which was audited by us along with the other joint statutory auditors of NTPC, on which audit reports dated May 19, 2023 and May 20, 2022 respectively have been issued by us along with the other joint statutory auditors of NTPC.
2. We did not audit the Consolidated Financial statements / financial information of NGEL for the year ended March 31, 2023 whose total assets, total revenues and net cash inflow, included in the Special Purpose Carved Out Combined Financial Statements for the relevant period is Rs1,84,338.80 million, Rs 1,696.90 million and Rs 727.40 million respectively. This financial information has been audited by the statutory auditor of NGEL, whose report has been furnished to us by the management and our opinion on the Special Purpose Carved Out Combined Financial Statements in so far as it relates to the amounts and disclosures included in respect of the NGEL is based solely on the report of the other auditor.
3. We did not audit the financial statements/ financial information of NREL for the year ended March 31, 2022 whose total assets, total revenue and net cash inflow, included in the Special Purpose Carved Out Combined Financial Statements for relevant year is Rs 8,950.52 million , Rs Nil and (-) Rs 7.57 million respectively These financial statements have been audited by the statutory auditor of NREL whose report has been furnished to us by the management and our opinion on the Special Purpose Carved Out Combined Financial Statements in so far as it relates to the amounts and disclosures included in respect of NREL, is based solely on the report of the other auditor.
4. These Special Purpose Carved Out Combined Financial Statements of NTPC RE Group was approved by the Board of NTPC in its meeting held on August 29, 2024, on which we have issued our audit report dated August 29, 2024. As stated in Note No.1(B)(4), these Special Purpose Carved Out Combined Financial Statements of NTPC RE Group has been approved by the Board of Directors of NGEL in its meeting held on September 9, 2024, for the purposes stated thereunder.

Our opinion is not modified in respect of the above matters.

Management's Responsibility for the Special Purpose Carved Out Combined Financial Statements

The Holding Company's & Issuer's Management and Board of Directors are responsible for preparation of these Special Purpose Carved Out Combined Financial Statements that give a true and fair view of the

state of affairs, profit, changes in equity/owner's net investment and its cash flows of the NTPC RE Group 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 relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the NTPC RE Group 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 Special Purpose Carved Out Combined Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carved Out Combined Financial Statements, the respective Management and Board of Directors of the combining businesses included in the NTPC RE Group are responsible for assessing the ability of each combining business to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the combining business or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the respective companies are also responsible for overseeing the financial reporting process in respect of preparation of the Special Purpose Carved Out Combined Financial Statements.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carved Out Combined Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Special Purpose Carved Out Combined 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 Special Purpose Carved Out Combined 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting in preparation of Special Purpose Carved Out Combined Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NTPC RE Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Special Purpose Carved Out Combined 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 auditors' report. However, future events or conditions may cause the NTPC RE Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Carved Out Combined Financial Statements including the disclosures, and whether the Special Purpose Carved Out Combined Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and Issuer 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 of the Holding Company and Issuer 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.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(B) to these Special Purpose Carved Out Combined Financial Statements, which describes the basis of preparation. The financial statements are prepared solely for use in relation to the preparation of the Offer Document of NGEL to be filed with the SEBI, the Stock Exchanges and the RoC in connection with the proposed IPO of the Issuer. As a result, the Special Purpose Carved Out Combined Financial Statements may not be suitable for any other purpose. Our report is intended solely for the Issuer and statutory auditors of the Issuer for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

For S.K.Mehta & Co.
Chartered Accountants
FRN 000478N

For Varma & Varma
Chartered Accountants
FRN 004532S

(Rohit Mehta)
Partner
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UDIN: 24091382BKARLO8889

(K P Srinivas)
Partner
M. No. 208520
UDIN: 24208520BKBMAL1735

Place: New Delhi
Date : September 9, 2024

Place: Bengaluru
Date : September 9, 2024