

## INDEPENDENT AUDITORS REVIEW REPORT ON UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED CARVE-OUT FINANCIAL STATEMENT

Review Report to  
The Executive Director (Finance)  
NTPC Limited

1. We have reviewed the accompanying Unaudited Special Purpose Interim Condensed Carve-out Statement of Assets and Liabilities as at 28<sup>th</sup> February, 2023, of the renewable energy business of NTPC Limited (hereinafter referred as the "RE Business") and selected explanatory notes thereto, (together "the Financial Statement"). The RE Business consists of 15 individual renewable energy business units of NTPC Limited (the "Company"), as described in Note No. 1(c) to the Financial Statement. The Financial Statement has been prepared by the management of the Company for the limited purpose of complying with the requirement of the Business Transfer Agreement as stated in Note No. 1(a) to the Financial Statement.
2. The Financial Statement, which is the responsibility of the Management of the Company, has been approved by the officials authorized by the Board of Directors in this regard. The Financial Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and the Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note") to the extent applicable and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Financial Statement based on our review.
3. We conducted our review of the Financial Statement in accordance with the Standard on Review Engagements ('SRE') 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Financial Statement is free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the Financial Statement is not prepared, in all material respect, in accordance with the basis of preparation as set out in Note No. 1 to the Financial Statement or that it does not give a true and fair view of the state of affairs of the RE Business as at 28<sup>th</sup> February, 2023.



# Varma & Varma

## Chartered Accountants

5.

- a. We draw attention to Note No. 1 to the Financial Statement, which describes the basis and purpose of its preparation. The Financial Statement is not the statutory financial statements of the Company and is prepared for the purposes of complying with the specific requirement as detailed in Note No. 1 thereto and the presentation and disclosures to the extent considered necessary for that purpose and the intended users of the Financial Statement have been included therein. Accordingly, the Financial Statement may not be suitable for any another purpose. Our report is intended solely for NTPC Limited for the limited purposes as stated above and should not be distributed to or used by parties other than NTPC Limited without our prior written consent.
- b. Our conclusion in respect of the figures of trade receivables and deferred tax liabilities (net) included in the Financial Statement is based on the clearance memorandum dated 31<sup>st</sup> March, 2023 issued to us by another Joint Statutory Auditor who has been allotted those areas as per the year end audit work allocation among joint statutory auditors.

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

For VARMA & VARMA  
Chartered Accountants  
FRN 004532S

Place : Bangalore  
Date : 31-03-2023

UDIN : 23209520B6UHCT4949



*Srinivas K.P.*  
K.P.SRINIVAS  
Partner  
M.No.208520



**UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED CARVE-OUT FINANCIAL STATEMENT AS AT 28 FEBRUARY 2023**

**Statement of Assets and Liabilities as at 28 February 2023**

(₹ crore)

PARTICULARS	As at 28.02.2023
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Property, Plant & Equipment	14,021.27
Capital-Work-In-Progress	897.97
Other Non-Current Assets	161.98
<b>Total Non-Current Assets</b>	<b>15,081.22</b>
<b>Current Assets</b>	
Inventories	11.78
<b>Financial Assets</b>	
Trade Receivables	393.63
Other Financial Assets	367.21
Other Current Assets	6.66
<b>Total Current Assets (B)</b>	<b>779.28</b>
<b>TOTAL ASSETS (A+B)</b>	<b>15,860.50</b>
<b>EQUITY AND LIABILITIES</b>	
<b>EQUITY</b>	
Equity Share Capital	
Other Equity	
<b>Total Equity</b>	<b>-</b>
<b>LIABILITIES</b>	
<b>Non-Current Liabilities</b>	
<b>Financial Liabilities</b>	
Lease Liabilities	72.73
Deferred Tax Liabilities (Net)	1,205.18
Other Non-Current Liabilities	1,316.28
<b>Total Non-Current Liabilities</b>	<b>2,594.19</b>
<b>Current Liabilities</b>	
<b>Financial Liabilities</b>	
Lease Liabilities	16.03




PARTICULARS	As at 28.02.2023
Trade Payables	88.06
Other Financial Liabilities	1,092.67
Other Current Liabilities	59.00
<b>Total Current Liabilities</b>	<b>1,255.76</b>
<b>Inter Units Accounts*</b>	<b>12,010.55</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,860.50</b>

\*Inter unit account balances represents Purchase Consideration as per BTA

The accompanying Notes form integral part of the special purpose interim condensed carve-out financial statement as at 28 February 2023.

For and on behalf of NTPC Ltd.

  
Aditya Dar

Executive Director (Finance)

  
Sangeeta Kaushik

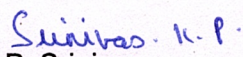
Chief General Manager(BD&CP)

आदित्य दर  
ADITYA DAR  
Date: 31 March 2023 निदेशक (वित्त)  
Place: New Delhi Executive Director (Finance)  
एनटीपीसी लिमिटेड / NTPC Limited

संगीता कौशिक / SANGEETA KAUSHIK  
मुख्य महाप्रबन्धक (निगम आयोजना एवं व्यापार विकास)  
CGM (Corporate Planning & Business Development)  
एन टी पी सी लिमिटेड / NTPC LIMITED

This is the Statement of Assets and Liabilities referred to in our report of even date

For Varma and Varma  
Chartered Accountants  
Firm Regn no.004532S

  
K. P. Srinivas  
Partner  
M.No.208520



Date: 31 March 2023  
Place: Bangalore



**NOTES FORMING PART OF THE UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED CARVE-OUT FINANCIAL STATEMENT AS AT 28 FEBRUARY 2023**

**1. Basis and Purpose of Preparation**

- a. Pursuant to the issuance of National Monetisation Pipeline (“NMP”) by the Ministry of Finance on August 23, 2021, and in consultation with the Ministry of Power, the Renewable Energy Assets (“RE Assets”) of NTPC Limited (“the Company”) were identified for the purpose of monetisation under the NMP and accordingly, NTPC has entered into a Business Transfer Agreement dated 8 July, 2022 (“BTA”) with NTPC Green Energy Limited (“NGEL”) to transfer its renewable energy assets. Subsequently, the closing date for transfer of assets has been decided as 28 February 2023 subject to completion of related procedures.

The Company has prepared this Special Purpose Interim Condensed Carve-out Statement of Assets and Liabilities as at 28 February, 2023, of the RE Assets of the Company, and selected explanatory notes thereto, (together “the Financial Statement”) for the limited purpose of enabling determination of the Purchase Price for the RE Assets as per the requirements of the BTA.

- b. The Statement of Assets and Liabilities have been prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Companies Act, 2013 and the provisions of the Electricity Act, 2003 and Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India (“Guidance Note”) to the extent applicable. The significant accounting policies used in preparation of this Financial Statement are consistent in all material aspects with those followed in the annual financial statements for the year ended March 31, 2022.
- c. The identified RE stations being transferred pursuant to BTA are as below:

SI No.	Project	SAP Business Area	Nature of Operations
1	Rojmal	1060	Wind
2	Mandsaur	1059	Solar
3	Bhadla	1058	Solar
4	Ananthpur	1055	Solar
5	Rajgarh	1050	Solar
6	Bilhaur-1	1073	Solar
7	Bilhaur-2	1073	Solar
8	Jetsar	1075	Solar
9	Shimbhoo Ka Bhurj-1	1077	Solar
10	Shimbhoo Ka Bhurj-2	1082	Solar



SI No.	Project	SAP Business Area	Nature of Operations
11	Fatehgarh	1080	Solar
12	Devikot-1	1076	Solar
13	Devikot-2	1076	Solar
14	Ettayapuram	1083	Solar
15	Nokhra	1081	Solar

In terms of BTA, the following assets and liabilities of the above mentioned RE stations shall be excluded :

- i. Land situated in Bilhaur
  - ii. Employee related balances (loans, advances, deferred payroll expenses, employee related payables, remeasurement of defined benefit plans forming part of other equity)
  - iii. Tax related balances (advance tax, TDS and other statutory balances)
- d. This Financial Statement is prepared for the purposes of complying with the specific requirement as detailed above and hence the presentation and disclosures to the extent applicable for that purpose and relevant for the intended users of this Financial Statement have been included.
- e. The preparation of the Financial Statement in conformity with Indian Accounting Standards requires that the management make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could sometimes differ from the estimates. Also, preparation of interim financial reports will generally require a greater use of estimation methods than annual financial reports.
- f. The RE Assets have historically operated as part of the Company and not as a standalone entity, and the Company was responsible for all its long term, working capital and financing requirements as the Company uses a centralized approach to cash management and financing of its operations.

**2. Property, Plant & Equipment – Right of use (ROU) land – Rojmal (B/a 1060) and Jetsar (B/a-1075)**

Approval for assignment/novation of ROU land pertaining to Rojmal project and Jetsar project is yet to be consented by the lessor. Agreements have been entered to provide right to use ROU land pertaining to Rojmal project and Jetsar project by NTPC to NGEL (sub-lease) for a period of 6 months for carrying out necessary activities, as required to be carried out under BTA pending transfer of leasehold rights etc. These lands are included as part of purchase consideration in BTA, though the asset is retained in NTPC till receipt of consent for transfer. Accordingly, the ROU land admeasuring **863.27 acres** of value ₹ **19.51 crore** as at 28 February, 2023 along with corresponding lease liabilities pertaining to Rojmal project and Jetsar project have been retained in NTPC, and corresponding amount is included under other financial assets in the

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Financial Statement, which shall be suitably adjusted once the transfer of leasehold rights as stated above is effected.

**3. Property, Plant & Equipment – Land in respect of Other RE stations under transfer**


As per the BTA, freehold land and right-of-use land pertaining to other RE stations, except above stated lands, will be transferred to NGEL from NTPC. Accordingly, Freehold land admeasuring **5,384.13 acres** of value ₹ **238.17 crore** and right-of-use land admeasuring **6,943.75 acres** of value ₹ **177.17 crore** as at 28 February, 2023 along with corresponding lease liabilities pertaining to the RE assets (except as above stated) are included in the Statement of Assets & liabilities of these RE stations. The execution of conveyance deed for transfer of title deeds of freehold lands and execution of transfer deed/assignment agreement for transfer of lease/sub-lease of right-of-use lands will be completed in due course as part of post-closing obligations as per BTA.

**4. Deferred Tax Liabilities (net)**

Deferred Tax liability has been determined considering the applicability of various provisions of the Income Tax Act in relation to the transfer of RE Assets to NGEL, based on expert opinion obtained in this regard.

5. The purchase consideration has been arrived at ₹ **12,010.55 crore** based on the Statement of Assets and Liabilities drawn as at 28 February 2023, as per the BTA.

For and on behalf of NTPC Ltd.



**Aditya Dar**

Executive Director (Finance)

आदित्य दर

ADITYA DAR

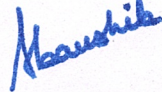
कार्पोरेट निदेशक (वित्त)

Executive Director (Finance)

एन टी पी सी लिमिटेड / NTPC Limited

Date: 31 March 2023

Place: New Delhi



**Sangeeta Kaushik**

Chief General Manager(BD&CP)

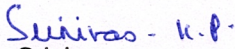
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मुख्य महासंचालक (निगम आयोजना एवं व्यापार विकास)  
CGM (Corporate Planning & Business Development)  
एन टी पी सी लिमिटेड / NTPC LIMITED

This is the Notes to the Statement of Assets and Liabilities referred to in our report of even date.

**For Varma and Varma**

Chartered Accountants

Firm Regn no.004532S



K. P. Srinivas

Partner

M.No.208520

Date: 31 March 2023

Place: Bangalore

