

**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON
RESTATED FINANCIAL INFORMATION**

To,

The Board of Directors
Indian Renewable Energy Development Agency Limited
India Habitat Centre, East Court,
Core 4 'A', 1st Floor, Lodhi Road,
New Delhi - 110003

Dear Sirs/ Madams,

1. We have examined the attached Restated Standalone and Consolidated Financial Information (*as defined hereinafter*) of Indian Renewable Energy Development Agency Limited ("**the Company**" or "**the Issuer**") and its former associate M. P. Wind Farms Limited ("**the Associate**") (the Company and the Associate together "**the group**") comprising the Restated Standalone Statement of Assets and Liabilities of the Company as at 30th September 2023, 30th September 2022, 31st March 2023 & 31st March 2022 and the Restated Standalone Statements of Profit and Loss (including other comprehensive income), the Restated Standalone Statements of Changes in Equity, the Restated Standalone Cash Flow Statements, the Summary Statement of Material Accounting Policies, and other explanatory information for the period of six months ended 30th September 2023 & 30th September 2022 and the year ended 31st March, 2023 & 31st March 2022 of the Company and the Restated Consolidated Statement of Assets and Liabilities of the group as at and for the year 31st March 2021, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity & the Restated Consolidated Cash Flow Statement and the Summary Statement of Material Accounting Policies & and other explanatory information of the group for the year ended 31st March 2021 (collectively, the "**Restated Standalone and Consolidated Financial Information**"), as approved by the Board of Directors of the Company ("**the Board**") at their meeting held on October 25, 2023 for the purpose of inclusion in the Red Herring Prospectus ("**RHP**")/Prospectus (collectively referred to as "**Offer Documents**") prepared by the Company in connection with its proposed Initial Public Offer of equity shares including an offer for sale of equity shares by the Government of India being a shareholder of the company ("**IPO**") 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, issued by the Securities and Exchange Board of India ("**SEBI**") on September 11, 2018 as amended ("**ICDR Regulations**"); and
- The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), (the "**Guidance Note**").



- 1.1 The Company does not have any Associate as at 30th September 2023, 30th September 2022, 31st March, 2023 & 31st March 2022 and is not required to prepare Consolidated Financial statements as at and for the six months ended 30th September 2023 & 30th September 2022 and as at and for the years ended 31st March, 2023 & 31st March 2022.
2. The Board is responsible for preparation of Restated Standalone and Consolidated Financial Information for the purpose of inclusion in Offer Documents to be filed with SEBI , National Stock Exchange of India Limited and BSE Limited (collectively, the “**Stock Exchanges**”) and the Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the IPO. The Restated Standalone and Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in para 4 below. The respective Board of Directors of the Company and the Associate are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone and Consolidated Financial Information. The Board is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
3. We have examined these Restated Standalone and 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 June 10, 2023 in connection with the proposed IPO ;
 - (b) The Guidance Note, which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone and 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 Standalone and Consolidated Financial Information have been compiled by the management from:
- (a) Audited Standalone financial statements of the Company as at and for the period of six months ended September 30, 2023, prepared in accordance with the Indian Accounting Standards (“**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 at their meeting held on October 23, 2023.
 - (b) Audited Standalone financial statements of the Company as at and for the period of six months ended September 30, 2022, prepared in accordance with the Indian Accounting Standards (“**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 at their meeting held on November 11, 2022.
 - (c) Audited Standalone financial statements of the Company as at and for the year ended March 31, 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 at their meeting held on April 25, 2023



- (d) Audited Standalone financial statements of the Company as at and for the year ended March 31, 2022, 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 at their meeting held on April 30, 2022.
- (e) Audited Consolidated financial statements of the group as at and for the year ended March 31, 2021, 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 at their meeting held on May 30, 2021.
5. For the purpose of our examination, we have relied on :
- (a) i. Auditor's reports dated 23rd October, 2023 & 11th November 2022 issued by us for Standalone financial statements of the Company as at and for the period of six months ended 30th September 2023 & 30th September 2022 respectively;
- ii. Auditor's reports dated 25th April, 2023 & 30th April, 2022 issued by us for Standalone financial statements of the Company as at and for the years ended 31st March 2023 & 31st March 2022 respectively; and
- iii. Auditor's reports dated 30th May 2021 issued by us for Consolidated financial statements of the group as at and for the year ended March 31, 2021 respectively, as referred in Paragraph 4 above.
- (b) The audit reports on the Standalone or Consolidated financial statements issued by us referred in Para 5 above, were not modified and included certain 'Key Audit Matters/Other Matter/Emphasis of Matter' in the auditor's report as per '**Annexure A**' to this report and do not entail any adjustments in the Restated Standalone and Consolidated Financial Information.
6. As indicated in the audit reports referred in Para 5 above, for year ended March 31, 2021 we did not audit the financial statements of the Associate and the consolidated Ind AS financial statements for that year which were consolidated based on Equity method, included company's share in net profit/(loss) (including other comprehensive income) of the Company in respect of the Associate for the restated period as under :

(Amount ₹ in Millions)

Particulars	Six months ended 30th September 2023	Six months ended 30th September 2022	Year ended 31st March 2023	Year ended 31st March 2022*	Year ended 31st March 2021
Share of Profit/(loss) in an Associate	-	-	-	-	(0.25)
Share of net Profit/(loss) in other Comprehensive Income	-	-	-	-	0
Total Share of Profit/(Loss)	-	-	-	-	(0.25)

*Ceased to be an Associate w.e.f 27.3.2022



The financial statements of the Associate were audited by other auditor whose report was furnished to the Statutory Auditors of the Company by management of the Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the component, is based solely on the report of other auditor.

7. Based on our examination and according to the information and explanations given to us we report that the Restated Standalone and Consolidated Financial Information:
- (a) Has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively for the period of six months ended 30th September 2022 and years ended 31st March 2023, 31st March 2022 and 31st March 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed in respect of financial statements for the period of six months ended 30th September, 2023.
 - (b) Does not contain any qualifications. However, certain significant observations in respective years' Auditor's Report on Standalone or Consolidated financial statements, which do not require any corrective adjustments in the Restated Standalone and Consolidated Financial Information, have been disclosed in 'Annexure 6' to the Restated Standalone and Consolidated Financial Information as under :
 - i. Observations as per the Companies (Auditor's Report) Order, 2020 (CARO 2020) for financial year ended 31st March 2023 and 31st March 2022 respectively and Companies (Auditor's Report) Order, 2016 (CARO 2016) for financial year ended 31st March 2021 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act;
 - ii. Information in respect of the directions issued by the Comptroller and Auditor - General of India and Observations in respect of adequacy of Internal Financial Controls over Financial Reporting and operative effectiveness of such controls.
 - (c) Does not require any adjustments for the matters mentioned in paragraph 6 above; and
 - (d) Has been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. The Restated Standalone and Consolidated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the audit reports on the Standalone and Consolidated Ind AS financial statements mentioned in paragraph 4 above.
9. We have also examined the following Restated Standalone and Consolidated Financial Information set out in annexure prepared by management and approved by the Board of the Company:
- (a) Other significant notes as restated as appearing in Note No 01 to 38 to Restated Standalone and Consolidated Financial Information,
 - (b) Statement of dividends declared by the Company, as restated, for the period of six months ended 30th September 2023 & 30th September 2022 and for each of the years ended 31st March ,2023, 31st March , 2022 and 31st March 31, 2021 (collectively referred as "restated period") as



- appearing in 'Annexure-1' to Restated Standalone and Consolidated Financial Information,
- (c) Statement of Capitalization of the Company as appearing in 'Annexure-2' to Restated Standalone and Consolidated Financial Information,
- (d) Statement of accounting ratios for the restated period as appearing in 'Annexure-3' to Restated Standalone and Consolidated Financial Information.
- (e) Statement of tax shelter for proposed IPO for the restated period as appearing in 'Annexure-4' to Restated Standalone and Consolidated Financial Information.
- (f) Statement of reconciliation of Audited Financial Statements to Restated Standalone and Consolidated Financial Statements for the restated period as appearing in 'Annexure-5' to Restated Standalone and Consolidated Financial Information.
- (g) Statement of significant observations reported in report on other legal and regulatory requirement section of Audit reports for the restated period appearing in 'Annexure-6' to the Restated Standalone and Consolidated Financial Information.
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, nor should this report be construed as a new opinion on any of the financial statements referred to herein :
- (a) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- (b) Our report is intended solely for use of the Board for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, relevant Stock Exchanges and/ or the 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 DSP & ASSOCIATES
Chartered Accountants
(FRN-06791N)

(Asul Jain)

Partner
(M. No. 091431)



Place: New Delhi
Date: 25th October, 2023

UDIN: 23091431BG7XXKD2165

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

Key Audit Matters, Emphasis of Matters, Other Matters and observations paragraph contained in the Audit Reports for the period of six months ended 30th September 2023 & 30th September 2022 and for each of the financial years ended 31st March 2023, 31st March 2022 and 31st March 2021. The figures are mentioned in '₹ in millions' although the figures in Auditors Report of respective years are in '₹ In Lakhs'. **The note numbers referred pertain to Restated Standalone and Consolidated financial Information and not those mentioned in original Auditor's Reports of respective years .**

i) Auditor's Report for the period of six months ended 30th September 2023

Emphasis of Matter

- As described in Note 38 (44) to the interim Financial Statements, the company has classified certain accounts required to be classified as stage III /Non-Performing Assets (NPA) as stage II / Standard aggregating to Rs. 8867.02 millions in terms of interim order of Hon'ble High Court of Andhra Pradesh. The statutory disclosures have been made accordingly. However, as a matter of prudence, interest income on such accounts becoming NPA in terms of prudential norms of Reserve Bank of India ("RBI") has been recognized on collection basis and allowance for impairment loss has been made in accounts accordingly.

Our opinion is not modified in respect of above matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements of the current period. These matters were addressed in the context of our audit of the interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	<p>Impairment of Loan Assets – Expected Credit loss</p> <p>Refer Note no. 38 (38 (A) (a) (ii)) to the interim Financial Statements read with accounting policy No.5(ii)- 'Financial Instruments')</p> <p>Financing is principal business of the Company and disclosure of Loan assets at fair value considering the provision for loss due to impairment is most significant.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Impairment of Loan Assets – Expected Credit loss include the following:</p> <p>We have obtained an understanding of the guidelines as specified in Ind AS 109 "Financial Instruments", various regulatory updates, guidance of ICAI, internal instructions & procedures of the Company including the revised methodology approved during the</p>



	<p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion / framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. The measurement of an expected credit loss allowance (ECL) for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments while assessing ECL and the assumptions underlying the ECL are monitored and reviewed on an on-going basis.</p> <p>The proper application of such assumptions is material for statement of the Loan Assets. In view of the significance of the amount of loan assets in the Financial Statements, the loss due to impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>current period in respect of the ECL and adopted the following audit procedures:</p> <p>Evaluation and testing of the key internal control mechanisms with respect to the loan assets monitoring, assessment of the loan impairment including testing of relevant data quality, and review of the real data entered.</p> <p>External rating , recoveries in the loan assets are verified to ascertain level of stress thereon and impact on impairment allowance in interim financial statements.</p> <p>Verification / review of the documentation, operations / performance and monitoring of the loan assets, especially large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account.</p> <p>The company avails services of third party for evaluation of ECL components and calculations in the study for impairment allowance. During the period such third party was changed and certain variables for assessing ECL were changed which were reviewed by us. Though the assessment carried out by third party are relied upon by us but the data shared with the third party is verified by us on test check basis for correctness of material components being submitted. Our audit procedure in the same are limited in view of not sharing certain parameters and software used for study of such data being considered confidential by such third party.</p>
<p>2.</p>	<p>Fair valuation of Derivative Financial Instruments (Refer Note No. 38 (37) to the interim Financial Statement read with Material Accounting policy No. 3 (xx). To mitigate the Company's exposure to foreign currency risk and interest rate, non-Rupee cash flows are monitored and derivative contracts are entered for hedging purpose. The derivatives are measured at fair value as per Ind AS 109. To qualify for hedge accounting , the hedging relationship must meet certain specified requirements as per Ind AS. Hedge accounting results in significant impact on financial statements together</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for derivatives include the following:</p> <p>Verification of fair value of derivative in terms of Ind AS 109, testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivatives contracts as outstanding/pending for settlement as on 30th September, 2023.</p>



	<p>with complexity of its accounting / assumptions and numerous parameters therein for establishing hedge relationship. Gain / Loss on these derivatives is recognised in other comprehensive income or profit and loss as provided by Ind AS. The magnitude of such transactions is significant as per the operation of the company.</p> <p>In view of facts of the matter we have identified it as a Key Audit Matter.</p>	<p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>Appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>Additionally, we verified the accounting of gain/loss on derivatives in the other comprehensive income or Profit & Loss Account.</p> <p>Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 109.</p>
<p>3.</p>	<p>Liability for Taxation including Income Tax</p> <p>Refer note 38 (3 (a)) The company has material uncertain tax demands in respect of matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>The income tax cases for Financial Year (FY) 1997-1998 to FY 2008-2009 were referred back on direction of Hon'ble High Court / ITAT and for FY 2009-10 to 2017-18 & 2019-20 are pending with appellate authorities. Appropriate provision and disclosure of such liabilities is material to the presentation of interim financial statements.</p> <p>Service Tax and Goods & Service Tax (GST) Authorities have also raised certain issues and raised demands for several past periods, which are being contested. Possible outcome of these demands after considering the interpretations of law and judicial precedents, is substantial.</p> <p>In view of this we have identified it as a Key Audit Matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Liability for Income Tax include the following:</p> <p>Our audit procedure includes review of various orders passed by Hon'ble Supreme Court, High Court and ITAT on the subject matter in dispute with Department of Income Tax. We undertook procedure to evaluate management position on these uncertain tax positions.</p> <p>For other tax matters, the facts and the legal pronouncements were analyzed and reviewed.</p> <p>We reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"</p>



ii) **Auditor's Report for the period of six months ended 30th September 2022**

Emphasis of Matter

- As described in Note 38 (44) to the Financial Statements, the company has classified certain accounts required to be classified as stage III /Non-Performing Assets (NPA) as

stage II / Standard aggregating to Rs. 11367.69 million in terms of interim order of Hon'ble High Court of Andhra Pradesh. The statutory disclosures have been made accordingly. However, as a matter of prudence, interest income on such accounts becoming NPA in terms of prudential norms of Reserve Bank of India ("RBI") has been recognized on collection basis and allowance for impairment loss has been made in accounts accordingly.

Our opinion is not modified in respect of above matter.

Key audit matters


Key audit matters are those matters that-, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Sr. No.	Key Audit Matters	Auditor's Response
2.	<p>Impairment of Loan Assets – Expected Credit loss</p> <p>Refer Note no. 38 (38 (A) (a) (ii)) to the Financial Statements read with accounting policy No.5(ii)– ‘Financial Instruments’)</p> <p>Financing is principal business of the Company and disclosure of Loan assets at fair value considering the provision for loss due to impairment is most significant.</p> <p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion / framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. The measurement of an expected credit loss allowance (ECL) for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g.,</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Impairment of Loan Assets – Expected Credit loss include the following:</p> <p>We have obtained an understanding of the guidelines as specified in Ind AS 109 “Financial Instruments”, various regulatory updates, guidance of ICAI and internal instructions and procedures of the Company in respect of the ECL and adopted the following audit procedures:</p> <p>Evaluation and testing of the key internal control mechanisms with respect to the loan assets monitoring, assessment of the loan impairment particularly in view of the Covid-19 conditions including testing of relevant data quality, and review of the real data entered.</p> <p>Recoveries in the loan assets are verified to ascertain level of stress thereon and impact on impairment allowance in financial statements.</p> <p>Verification / review of the documentation, operations /</p>



	<p>likelihood of customers defaulting and resulting losses). The Company makes significant judgments while assessing ECL and the assumptions underlying the ECL are monitored and reviewed on an on-going basis.</p> <p>The proper application of such assumptions is material for statement of the Loan Assets. In view of the significance of the amount of loan assets in the Financial Statements, the loss due to impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>performance and monitoring of the loan assets, especially large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account.</p> <p>The company avails services of third party for evaluation of ECL Components and calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. The data shared with the third party is verified by us for correctness of material components being submitted. Our audit procedure in the same are limited in view of not sharing certain parameters and software used for study of such data being considered confidential by such third party.</p> <p>We also compared ECL with the provisioning as required by the applicable directions of the Reserve Bank of India and ensured adequacy of impairment allowance accordingly.</p>
<p>2.</p>	<p>Fair valuation of Derivative Financial Instruments (Refer Note No. 38 (37) to the Financial Statement read with accounting policy No. 5 (ii). To mitigate the Company's exposure to foreign currency risk and interest rate, non-Rupee cash flows are monitored and derivative contracts are entered for hedging purpose. The derivatives are measured at fair value as per Ind AS 109. To qualify for hedge accounting. The hedging relationship must meet certain specified requirements as per Ind AS. Hedge accounting results in significant impact on financial statements together with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Gain/Loss on these derivatives is recognised in other comprehensive income or profit and loss as provided by Ind AS. The magnitude of such</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for derivatives include the following:</p> <p>Discussing and understanding management's perception and studying policy of the company for risk management.</p> <p>Verification of fair value of derivative in terms of Ind AS 109, testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivatives contracts as outstanding/pending for settlement as on 30th September, 2022.</p>



	<p>transactions is significant as per the operation of the company.</p> <p>In view of facts of the matter we have identified it as a Key Audit Matter.</p>	<p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>Appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>Additionally, we verified the accounting of gain/loss on derivatives in the other comprehensive income or Profit & Loss Account.</p> <p>Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 109.</p>
<p>3.</p>	<p>Liability for Taxation including Income Tax</p> <p>Refer note 38 (3 a) The company has material uncertain tax demands in respect of matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>The income tax cases for Financial Year (FY) 1997-1998 to FY 2008-2009 were referred back on direction of Hon'ble High Court / ITAT and for FY 2009-10 to 2017-18 are pending with Appellate authorities. For FY 2020-21 substantial demands have been made by way of additions which are apparent mistakes and are yet to be rectified. Appropriate provision and disclosure of such liabilities is material to the presentation of financial statements.</p> <p>Service Tax and Goods & Service Tax (GST) Authorities have also raised certain issues and raised demands for several past periods, which are being contested. Possible outcome of these demands is substantial.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Liability for Income Tax include the following:</p> <p>Our audit procedure includes review of various orders passed by Hon'ble High Court and Hon'ble ITAT on the subject matter in dispute with Department of Income Tax. We undertook procedure to evaluate management position on these uncertain tax positions.</p> <p>For other tax matters, the facts and the legal pronouncements were analyzed and reviewed.</p> <p>We reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets "</p> 

	In view of this we have identified it as a Key Audit Matter.	
4.	<p>Accounting of Grants and subsidies for Renewable Energy The company is being engaged by the Indian Government and other organizations as well as International Agencies for implementing and monitoring various programs in the field of renewable energy. This involves accounting of such transactions separately from regular business transactions, Revenue Recognition and evaluation of tax implication under Indian Tax laws. The frequency and quantum of such transactions is increasing in view of which, we have identified it as Key Audit Matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for grants and subsidies include the following:</p> <p>Understanding the terms of reference for various such programs and their implications in accounting.</p> <p>Analysing the tax implications and accounting in terms of Ind AS 20- Accounting for Government Grant and Disclosure of Government Assistance</p>

iii) Auditor’s Report for the year ending March 31, 2023

Emphasis of Matter

- As described in Note 38 (44) to the Financial Statements, the Company has classified certain accounts required to be classified as stage III /Non-Performing Assets (NPA) as stage II / Standard aggregating to Rs. 8931.29 Millions in terms of interim order of Hon’ble High Court of Andhra Pradesh. The statutory disclosures have been made accordingly. However, as a matter of prudence, interest income on such accounts becoming NPA in terms of prudential norms of Reserve Bank of India (“RBI”) has been recognized on collection basis and allowance for impairment loss has been made in accounts accordingly.
- As described in Note 38 (41) to the Financial Statements, the Company has considered possible effects from COVID-19 pandemic on Company’s financial performance including the recoverability of carrying amounts of financial and non- financial assets.

Our opinion is not modified in respect of above matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.



Sr. No.	Key Audit Matters	Auditor's Response
1.	<p>Impairment of Loan Assets – Expected Credit loss</p> <p>Refer Note no. 38 (38 (A)(a)(ii)) to the Financial Statements read with accounting policy No. 3 (xx)– ‘Financial Instruments’)</p> <p>Financing is principal business of the Company and disclosure of Loan assets at fair value considering the provision for loss due to impairment is most significant.</p> <p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion / framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. The measurement of an expected credit loss allowance (ECL) for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and resulting losses).</p> <p>The Company makes significant judgments while assessing ECL and the assumptions underlying the ECL are monitored and reviewed on an on-going basis.</p> <p>The proper application of such assumptions is material for statement of the Loan Assets. In view of the significance of the amount of loan assets in the Financial Statements, the loss due to impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Impairment of Loan Assets - Expected Credit loss include the following:</p> <p>We have obtained an understanding of the guidelines as specified in Ind AS 109 “Financial Instruments”, various regulatory updates, guidance of ICAI and internal instructions and procedures of the Company in respect of the ECL and adopted the following audit procedures:</p> <p>Evaluation and testing of the key internal control mechanisms with respect to the loan assets monitoring, assessment of the loan impairment including testing of relevant data quality, and review of the real data entered.</p> <p>Recoveries in the loan assets are verified to ascertain level of stress thereon and impact on impairment allowance in financial statements.</p> <p>Verification / review of the documentation, operations / performance, valuation of available securities and monitoring of the loan assets, especially large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account.</p> <p>The Company avails services of third party for evaluation of ECL Components. The calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. The data shared with the third party is verified by us for correctness of material components being submitted. Our audit procedure in the same are limited in view of not sharing certain parameters and software</p>



		<p>used for study of such data being considered confidential by such third party.</p> <p>We also compared ECL with the provisioning as required by the applicable directions of the Reserve Bank of India and ensured adequacy of impairment allowance accordingly.</p>
2.	<p>Fair valuation of Derivative Financial Instruments (Refer Note No. 38 (37) to the Financial Statement read with accounting policy No. 3 (xx). To mitigate the Company's exposure to foreign currency risk and interest rate, non-Rupee cash flows are monitored and derivative contracts are entered for hedging purpose. The derivatives are measured at fair value as per Ind AS 109. To qualify for hedge accounting. The hedging relationship must meet certain specified requirements as per Ind As. Hedge accounting results in significant impact on financial statements together with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Gain/Loss on these derivatives is recognised in other comprehensive income or profit and loss as provided by Ind AS. The magnitude of such transactions is significant as per the operation of the company. In view of facts of the matter we have identified it as a key audit matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for derivatives include the following:</p> <p>Discussing and understanding management's perception and studying policy of the company for risk management. Verification of fair value of derivative in terms of Ind AS 109, testing the accuracy and completeness of derivative transactions. Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments. Obtained details of various financial derivatives contracts as outstanding/pending for settlement as on 31st March, 2023. Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts. Appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments. Additionally, we verified the accounting of gain/loss on derivatives in the other comprehensive income or Profit & Loss Account. Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 109.</p>
3.	<p>Liability for Taxation including Income Tax Refer note 38 (3)(a) The company has material uncertain tax demands in respect of matters under dispute which</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Liability for Income Tax include the following:</p>



	<p>involves significant judgement to determine the possible outcome of these disputes.</p> <p>The income tax cases for Financial Year (FY) 1997-1998 to FY 2008-2009 were referred back on direction of Hon'ble High Court / ITAT and for FY 2009-10 to 2017-18 are pending with Appellate authorities. For FY 2020-21 & 2021-22 substantial demands have been made by way of additions which are apparent mistakes and are yet to be rectified. Appropriate provision and disclosure of such liabilities is material to the presentation of financial statements. Service Tax and Goods & Service Tax (GST) Authorities have also raised certain issues and recently raised demands for several past periods, which are being contested. Possible outcome of these demands is substantial.</p> <p>In view of this we have identified it as a key audit matter.</p>	<p>Our audit procedure includes review of various orders passed by Hon'ble High Court and Hon'ble ITAT on the subject matter in dispute with Department of Income Tax. We undertook procedure to evaluate management position on these uncertain tax positions.</p> <p>For other tax matters, the facts and the legal pronouncements were analyzed and reviewed.</p> <p>We reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".</p>
<p>4.</p>	<p>Accounting of Grants and subsidies for Renewable Energy</p> <p>The Company is being engaged by the Indian Government and other organizations as well as International Agencies for implementing and monitoring various programs in the field of renewable energy. This involves accounting of such transactions separately from regular business transactions, Revenue Recognition and evaluation of tax implication under Indian Tax laws. The frequency and quantum of such transactions is increasing in view of which, we have identified it as Key Audit Matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for grants and subsidies include the following:</p> <p>Understanding the terms of reference for various such programs and their implications in accounting.</p> <p>Analysing the tax implications and accounting in terms of Ind AS 20- Accounting for Government Grant and Disclosure of Government Assistance</p>



iii) Auditor's Report for the year ending March 31, 2022

a) Emphasis of Matter

1. As described in Note 38 (44) to the Financial Statements The Company has classified certain accounts required to be classified as stage III /Non-Performing Assets (NPA) as stage II / Standard aggregating to ₹ 9187.92 million in terms of interim order of Hon'ble High Court of Andhra Pradesh. The statutory disclosures have been made accordingly. However, as a matter of prudence, interest income on such accounts becoming NPA in terms of prudential norms of Reserve Bank of India ("RBI") has been recognized on collection basis and allowance for impairment loss has been made in accounts accordingly.
2. As described in Note 38 (41) to Financial Statements, the extent to which the COVID-19 pandemic including the recent surge in infections will have impact on Company's financial performance is dependent on ongoing as well as future developments, which are highly uncertain and potential impact thereof is not ascertainable at this point in time.
3. As described in Note No.38 (26) to the Financial Statements, during the year, the Company has liquidated its Investment in Associate Company, M/s M.P. Windfarms Limited .Accordingly, no consolidated Financial Results are required to be presented by the Company.

Our opinion is not modified in respect of above matters.

b) Key audit matters

Key audit matters are those matters that-, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	<p>Impairment of Loan Assets – Expected Credit loss</p> <p>Refer Note no. 38 (38) (A)(a)(ii) to the Financial Statements read with accounting policy No. 3 (xx)– ‘Financial Instruments’)</p> <p>Financing is principal business of the Company and disclosure of Loan assets at fair value considering the provision for loss due to impairment is most significant.</p> <p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion / framework classifying the</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Impairment of Loan Assets – Expected Credit loss include the following:</p> <p>We have obtained an understanding of the guidelines as specified in Ind AS 109 “Financial Instruments”, various regulatory updates, guidance of ICAI and internal instructions and procedures of the Company in respect of the ECL and adopted the following audit procedures:</p> <p>Evaluation and testing of the key internal control mechanisms with respect to the loan assets monitoring, assessment of the loan impairment particularly in view of the Covid-</p>



	<p>assets into various stages depending upon credit risk and level of evidence of impairment. The measurement of an expected credit loss allowance (ECL) for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments while assessing ECL and the assumptions underlying the ECL are monitored and reviewed on an on-going basis.</p> <p>The proper application of such assumptions is material for statement of the Loan Assets. In view of the significance of the amount of loan assets in the Financial Statements, the loss due to impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>19 conditions including testing of relevant data quality, and review of the real data entered.</p> <p>Recoveries in the loan assets are verified to ascertain level of stress thereon and impact on impairment allowance in financial statements.</p> <p>Verification / review of the documentation, operations / performance and monitoring of the loan assets, especially large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account.</p> <p>The company avails services of third party for evaluation of ECL Components and calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. The data shared with the third party is verified by us for correctness of material components being submitted. Our audit procedure in the same are limited in view of not sharing certain parameters and software used for study of such data being considered confidential by such third party</p>
<p>2.</p>	<p>Fair valuation of Derivative Financial Instruments (Refer Note No. 38 (37) to the Financial Statement read with accounting policy No. 3 (xx).</p> <p>To mitigate the Company's exposure to foreign currency risk and interest rate, non-Rupee cash flows are monitored and derivative contracts are entered for hedging purpose. The derivatives are measured at fair value as per Ind AS 109. To qualify for hedge accounting. The hedging relationship must meet certain specified requirements as per Ind AS. Hedge accounting results in significant impact on financial statements together with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Gain/Loss on these derivatives is recognised in other comprehensive income or profit and loss as provided by Ind AS. The magnitude of</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for derivatives include the following:</p> <p>Discussing and understanding management's perception and studying policy of the company for risk management.</p> <p>Verification of fair value of derivative in terms of Ind AS 109, testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivatives contracts as outstanding/pending for settlement as on 31st March, 2022.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p>



	<p>such transactions is significant as per the operation of the company.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p>Appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments. Additionally, we verified the accounting of gain/loss on derivatives in the other comprehensive income or Profit & Loss Account.</p> <p>Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 109.</p>
<p>3.</p>	<p>Liability for Taxation including Income Tax</p> <p>Refer note 38(3)(a) The company has material uncertain tax demands in respect of matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>The income tax cases for Financial Year (FY) 1997-1998 to FY 2008-2009 were referred back on direction of Hon'ble High Court / ITAT and for FY 2009-10 to 2017-18 are pending with Appellate authorities. For FY 2019-20 substantial demands have been made by way of additions which are apparent mistakes and are yet to be rectified. Appropriate provision and disclosure of such liabilities is material to the presentation of financial statements.</p> <p>Service Tax and Goods & Service Tax (GST) Authorities have also raised certain issues and recently raised demands for several past periods, which are being contested. Possible outcome of these demands is substantial.</p> <p>In view of this we have identified it as a key audit matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Liability for Income Tax include the following:</p> <p>Our audit procedure includes review of various orders passed by Hon'ble High Court and Hon'ble ITAT on the subject matter in dispute with Department of Income Tax. We undertook procedure to evaluate management position on these uncertain tax positions.</p> <p>For other tax matters, the facts and the legal pronouncements were analyzed and reviewed.</p> <p>We reviewed the appropriateness and adequacy of disclosures by the management as required in terms of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"</p>



4.	<p>Accounting of Grants and subsidies for Renewable Energy</p> <p>The Company is being engaged by the Indian Government and other organizations as well as International Agencies for implementing and monitoring various programs in the field of renewable energy. This involves accounting of such transactions separately from regular business transactions, Revenue Recognition and evaluation of tax implication under Indian Tax laws. The frequency and quantum of such transactions is increasing in view of which, we have identified it as Key Audit Matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for grants and subsidies include the following:</p> <p>Understanding the terms of reference for various such programs and their implications in accounting.</p> <p>Analysing the tax implications and accounting in terms of Ind AS 20- Accounting for Government Grant and Disclosure of Government Assistance</p>
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iv) **Auditor’s Report for the year ending March 31, 2021**

a) **Emphasis of Matter**

As described in Note 38 (41) to the Restated Standalone and Consolidated Financial Statements, the extent to which the COVID-19 pandemic including the current “second wave” will have impact on the Parent and its associate Company’s financial performance is dependent on ongoing as well as future developments, which are highly uncertain and potential impact thereof is not ascertainable at this point in time.

Our opinion is not modified in respect of the above matter

b) **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Sr. No.	Key Audit Matters	Auditor’s Response
1.	<p>Impairment of Loan Assets – Expected Credit loss</p> <p>(Refer Note no. 38 (38)(A)(a)(ii) to the Restated Standalone and Consolidated Financial Statements read with accounting policy No. 3 (xx) – ‘Financial Instruments’)</p> <p>Financing is principal business of the Parent Company and disclosure of Loan assets at fair</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Impairment of Loan Assets – Expected Credit loss include the following :</p> <p>We have obtained an understanding of the guidelines as specified in Ind AS 109</p>



	<p>value considering the provision for loss due to impairment is most significant.</p> <p>The Parent Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain Criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. The measurement of an expected credit loss allowance (ECL) for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Parent Company makes significant judgments while assessing ECL and the assumptions underlying the ECL are monitored and reviewed on an on-going basis.</p> <p>The proper application of such assumptions is material for statement of the Loan Assets. In view of the significance of the amount of loan assets in the Restated Standalone and Consolidated Financial Statements, the loss due to impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>“Financial Instruments”, various regulatory updates and the Parent Company’s internal instructions and procedures in respect of the expected credit loss and adopted the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluation and testing of the key internal control mechanisms with respect to the loan assets monitoring, assessment of the loan impairment including testing of relevant data quality, and review of the real data entered. • Recoveries in the loan assets are verified to ascertain level of stress thereon and impact on impairment allowance in financial statements. • Verification / review of the documentations, operations / performance and monitoring of the loan assets, especially large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account. • The Parent Company avails services of third party for evaluation of ECL. Components and calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. The data shared with the third party is verified by us for correctness of material components being submitted. Our audit procedure in the same are limited in view of not sharing certain parameters and software used for study of such data being considered confidential by such third party.
<p>2.</p>	<p>Fair valuation of Derivative Financial Instruments</p> <p>(Refer Note No. 38(37) to the Restated Standalone and Consolidated Financial Statements read with accounting policy No. 3 (xx). To mitigate the Parent Company’s exposure to foreign currency risk and interest rate, non- Rupee cash flows are monitored and derivative contracts are entered for hedging purpose. The derivatives are measured at fair value as per Ind AS 109.</p> <p>To qualify for hedge accounting, the hedging relationship must meet certain specified requirements as per Ind AS. Hedge accounting results in significant impact on financial statements</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for derivatives include the following :</p> <p>Discussing and understanding management’s perception and studying policy of the Parent Company for risk management.</p> <p>Verification of fair value of derivative in terms of Ind AS 109, testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of Parent Company’s management’s key internal controls over</p>



	<p>together with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Gain/ loss on these derivatives are recognised in other comprehensive income or Profit and Loss as provided by Ind AS. The magnitude of such transactions is significant as per the operations of the Parent Company.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p>classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31st March, 2021.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>Appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>Additionally, we verified the accounting of gain/loss on derivatives in the other comprehensive income or Profit & Loss Account.</p> <p>Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of IND AS 109.</p>
<p>3.</p>	<p>Liability for Income Tax</p> <p>Refer note 38 (3) (a) to the Restated Standalone and Consolidated financial statement.</p> <p>The Parent Company has material uncertain tax demands in respect of matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>The income tax cases for Assessment Year 1998-1999 to Assessment Year 2009-2010 were referred back on direction of Hon'ble High Court / ITAT pand for Financial Year (FY) 2009-10 to 2017-18 are pending with Appellate authorities. Appropriate provision and disclosure of such liabilities is material to the presentation of financial statements.</p> <p>In view of this we have identified it as a key audit matter.</p>	<p>Our Audit procedures based on which we arrived at conclusion regarding reasonableness of the disclosures and accounting for Liability for Income Tax include the following :</p> <p>Our audit procedure include review of various orders passed by Honorable High Court and Honorable ITAT on the subject matter in the dispute with Department of Income Tax .We undertook procedure to evaluate management position on these uncertain tax positions.</p> <p>Reviewed the appropriateness and adequacy of disclosures by the management as required in terms of IND AS 37 “ Provisions, Contingent Liabilities and Contingent Assets “</p>

For DSP & ASSOCIATES

Chartered Accountants

FRN: 06791N

(Anil Jain)

Partner

(M. No. 091431)

Place: New Delhi

Date: October 25, 2023

