S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hero Future Energies Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind As financial statements of Hero Future Energies Private Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss including the statement of Other Comprehensive Income and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Ind As financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind As Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind As financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, their consolidated loss and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind As financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind As Financial Statements' section of our report. We are independent of the Group 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind As financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 49 in the consolidated Ind AS financial statements which, indicate that the group has incurred a net loss in current year and previous year. Its net worth has been fully eroded owning to accumulated losses as at the year end and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 49 to the consolidated Ind financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Holding Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Emphasis of Matter

We draw attention to

i. note 37 (c) (iii)(a) to the Consolidated Ind AS Financial Statements of the company, wherein it has been mentioned that one subsidiary with property, plant and equipment ("PPE") of Rs. 1,333.56 million is unable to execute final Power Purchase Agreement ('PPA') even after securing Feed in Tariff of Rs. 3.61 per/kwh from Telangana State Electricity Regulatory Commission ('TSERC') upon order from High Court. Based on legal advice, correspondence with the authorities and management assessment, management is of the view that final PPA will be executed shortly, and project will generate future economic benefits and no further adjustment is required in the carrying value of PP&E and trade receivable in Consolidated Ind AS Financial Statements.

ii. note 37(c)(i) to the Consolidated Ind AS Financial Statements of the company, whereas it has been mentioned that Government of Andhra Pradesh issued a Government Order and accordingly, APDISCOM ('the customer') has asked the two subsidiaries to reduce the tariffs. The Hon'ble High Court has set aside the impugned Government Order in favor of the Company, APDISCOM has appealed against the said order in supreme court. Based on legal advice and management assessment, the Company believes that no provision is required against carrying value of PP&E and trade receivable in Consolidated Ind AS Financial Statements.

iii. note 37(c)(iv) to the Consolidated Ind AS Financial Statements, which describes liquidated damages of Rs. 120.50 million (excluding goods and service tax) imposed by Hubli Electricity Supply Company Ltd ("HESCOM") due to delay in commissioning of project. Considering the fact that HESCOM has already provided extension for the delay, management has filed an appeal against this with Appellate Tribunal for Electricity (APTEL). Based on assessment, the management believes that recoverability of trade receivable from HESCOM aggregating to Rs. 175.65 million is good and no provision is required against carrying value.

Our opinion is not modified in respect of above matters.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Consolidated Ind As Financial Statements and our auditor's report thereon.

Our opinion on the consolidated Ind As financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind As financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind As financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind As Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind As financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and

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consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2021 specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind As financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind As financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind As financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind As Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind As financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind As financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind As financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required

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to draw attention in our auditor's report to the related disclosures in the consolidated Ind As financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind As financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind As financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind As financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind As financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

We did not audit the financial statements and other financial information, in respect of six subsidiaries, whose financial statements include total assets of Rs 4.51 million as at March 31, 2022, and total revenues of Rs Nil and net cash outflows of Rs 0.44 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind As financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind As financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.

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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 separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind As financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind As financial statements;

(d) In our opinion, the aforesaid consolidated Ind As financial statements comply with the Companies (Accounting Standards) Rules, 2021 specified under section 133 of the Act;

(e) The going concern matter described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls with reference to consolidated Ind As financial statements of the Holding Company and its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company for the year ended March 31, 2022. In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind As financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind As financial statements - Refer Note 37(b) to the consolidated Ind As financial statements.

   ii. Provision has been made in the consolidated Ind As financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts if any; and

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 17(iii) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiaries companies, incorporated in India.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S. R. BATLIBOI & CO. LLP GURUGRAM

per Pravin Tulsyan
Partner
Membership Number:108044
UDIN: 22108044ANOOAK5333
Place of Signature: Gurugram
Date: July 25, 2022

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Annexure 1 referred to in paragraph 1 to report on other legal and regulatory requirements of our report of even date

Re: Hero Future Energy Private Limited

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated Ind As financial statements are:

Sr. no.	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified or is adverse
1.	Hero Future Energies Private Limited	U40300DL2013PTC253648	Holding company	i(c),xix & xvii
2.	Hero Solar Energy Private Limited	U40106DL2013PTC250501	Subsidiary company	xix, xvi(a) & xvii
3.	Hero Wind Energy Private Limited	U40300DL2013PTC251839	Subsidiary company	Xix &xvii
4.	Clean Wind Power (Manvi) Private Limited	U40300DL2014PTC268890	Step down Subsidiary company	i(c)
5.	Clean Solar Power (Chitradurga) Private Limited	U40106DL2013PTC255428	Step down Subsidiary company	i(c)
6.	Clean Solar Power (Tumkur) Private Limited	U40101DL2016PTC298461	Step down Subsidiary company	i(c)
7.	Clean Solar Power (Gulbarga) Private Limited	U40100DL2016PTC303003	Step down Subsidiary company	i(c)
8.	Clean Wind Power (Anantapur) Private Limited	U40300DL2013PTC255351	Step down Subsidiary company	i(c) & xix
9.	Clean Wind Power (Pratapgarh) Private Limited	U40300DL2013PTC255124	Step down Subsidiary company	Xix
10.	Clean Solar Power (Jodhpur) Private Limited	U40108DL2018PTC337663	Step down Subsidiary company	ix(d) and xvii

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP
GURUGRAM

per Pravin Tulsyan
Partner
Membership Number:108044
UDIN: 22108044ANOOAK5333
Place of Signature: Gurugram
Date: July 25, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF HERO FUTURE ENERGIES PRIVATE LIMITED

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

In conjunction with our audit of the consolidated Ind As financial statements of Hero Future Energies Private Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind As financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind As financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind As financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind As financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind As financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind As financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind As financial statements.

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Meaning of Internal Financial Controls With Reference to Consolidated Ind As financial statements

A company's internal financial control with reference to consolidated Ind As financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind As financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind As financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind As financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind As financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind As financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind As financial statements and such internal financial controls with reference to consolidated Ind As financial statements were operating effectively as at March 31,2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number:108044
UDIN: 22108044ANOOAK5333
Place of Signature: Gurugram
Date: July 25, 2022

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Consolidated Balance Sheet as at March 31, 2022
(All amounts are in Indian Rupees (In millions), unless otherwise stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	90,451.10	86,951.34
(b) Capital work-in-progress	4	6,395.54	2,731.66
(c) Goodwill	5	304.76	304.76
(d) Other Intangible assets	5	1,754.44	1,847.70
(e) Financial assets			
(i) Investment	6	78.50	142.37
(ii) Trade receivables	7	93.22	7.59
(iii) Other financial assets	10	1,653.32	292.46
(f) Deferred tax assets (net)	32	997.12	1,219.16
(g) Other non-current assets	11	648.12	911.51
(h) Non-current tax assets (net)	12	663.20	532.04
		103,039.40	94,940.59
Current assets			
(a) Inventories	13	110.23	59.03
(b) Financial assets			
(i) Investment	6	25.82	198.70
(ii) Trade receivables	7	9,494.19	7,623.98
(iii) Cash and cash equivalents	8	3,912.31	3,753.12
(iv) Other bank balances	9	2,489.03	2,758.28
(v) Other financial assets	10	3,679.68	1,799.73
(c) Other current assets	11	842.14	761.80
		20,553.40	16,954.64
Assets classified as held for sale	14	930.93	-
		21,484.33	16,954.64
Total assets		124,523.73	111,895.23
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	70.41	70.41
(b) Other equity	16	(14,482.21)	(8,848.37)
		(14,411.80)	(8,777.96)
LIABILITIES			
Non- current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	94,101.99	59,879.99
(ia) Lease liabilities	36	378.94	461.33
(ii) Other financial liabilities	19	3.54	115.18
(b) Provisions	21	160.66	196.16
(c) Deferred tax liabilities (net)	32	1,536.21	1,287.72
(d) Other non-current liabilities	20	3,620.32	1,945.55
		99,801.76	63,885.93
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	32,072.87	49,697.53
(ia) Lease liabilities		39.60	41.11
(ii) Trade payables	18		
- total outstanding dues of micro enterprises and small enterprises		21.72	26.41
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,179.21	1,922.19
(iii) Other financial liabilities	19	3,897.71	4,334.07
(b) Other current liabilities	20	626.12	344.57
(c) Provisions	21	285.83	416.13
(d) Liabilities for current tax (net)	22	10.71	5.25
		39,133.77	56,787.26
Total equity and liabilities		124,523.73	111,895.23
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes form an integral part of these consolidated financial statements
As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

S. R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: July 25, 2022

For and on behalf of the Board of Directors
Hero Future Energies Private Limited

Rahul Munjal
Chairman and Managing Director
DIN: 00118330

Renu Munjal
Director
DIN: 00012870

Srivatsan Srinivas Iyer
Chief Executive Officer

Benjamin Paul Fraser
Group Chief Financial Officer

Mayur Maheshwari
Company Secretary
M.No.- F7379

HERO FUTURE ENERGIES PVT. LTD. New Delhi

Place: New Delhi/London
Date: July 25, 2022

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Consolidated statement of profit and loss for the year ended March 31, 2022
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

	Particulars	Note	Year Ended March 31, 2022	Year Ended March 31, 2021
I	Revenue from contract with customers	23	14,801.50	13,288.98
II	Other Income	24	973.06	1,002.01
III	Total Income (I +II)		15,774.56	14,290.99
IV	Expenses			
	Cost of materials consumed	25	660.82	127.97
	Employee benefits expense	26	812.68	651.22
	Finance costs	27	11,362.10	12,016.53
	Depreciation and amortization expense	28	3,426.55	4,255.68
	Impairment of non-current assets	28A	99.72	553.51
	Other expenses	29	3,226.62	2,732.64
	Total expenses		19,588.49	20,337.55
V	Loss before exceptional item and tax (III-IV)		(3,813.93)	(6,046.56)
VI	Exceptional item (Refer Note 54)		1,141.43	-
VII	Loss before tax (V-VI)		(4,955.36)	(6,046.56)
VIII	Tax expense:			
	a) Current tax	30	245.24	25.64
	b) Adjustment in respect of current tax relating to earlier years	30	5.51	(10.03)
	c) Deferred Tax charge/ (credit) (Net off MAT Credit Entitlement)	30	462.68	(613.63)
	Total tax expense /(credit)		713.43	(598.02)
IX	Loss for the year (VII-VIII)		(5,668.79)	(5,448.54)
X	Other comprehensive income			
	Other comprehensive income not to be reclassified to statement of profit and loss in subsequent years:			
	Re-measurement gains/(losses) on defined benefit plans	31	42.80	6.29
	Income tax effect	31	(7.85)	(1.45)
	Net other comprehensive income/ (loss) not to be reclassified to statement of profit and loss in subsequent year		34.95	4.84
	Other comprehensive income /(loss) for the year, net of tax		34.95	4.84
XI	Total comprehensive income /(loss) of the year, net of tax (IX+X)		(5,633.84)	(5,443.70)
XII	Earnings per share: (Face Value Rs. 10 per share)			
	Basic and Diluted (Amount in Rs.)	33	(3.43)	(3.41)
	Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number:108044

S. R. BATLIBOI & CO. LLP ★ GURUGRAM ★

Place: Gurugram
Date : July 25, 2022

For and on behalf of the Board of Directors
Hero Future Energies Private Limited

Rahul Munjal
Chairman and Managing Director
DIN: 00118339

Renu Munjal
Director
DIN: 00012870

Srivatsan Srinivas Iyer
Chief Executive Officer

Benjamin Paul Fraser
Group Chief Financial Officer

Mayur Maheshwari
Company Secretary
M.No.- F7379

Place: New Delhi/London
Date : July 25, 2022

HERO FUTURE ENERGIES PVT. LTD. ★ New Delhi

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Consolidated statement of changes in equity for the year ended March 31, 2022
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs 10 each issued, subscribed and fully paid

	Number of Equity Shares	Amount
As at April 01, 2020	7,039,284	70.40
Changes in Equity Share Capital during the year	1,011	0.01
As at March 31, 2021	7,040,295	70.41
Changes in Equity Share Capital during the year	-	-
As at March 31, 2022	7,040,295	70.41

B. Other Equity

	Attributable to equity holders of the parent				
	Securities premium	Debenture Redemption Reserve	Capital Reserve	Retained Earnings	Total other equity
Balance as at April 1, 2020	3,385.37	300.26	3,053.72	(10,278.96)	(3,539.61)
Add: Loss for the year	-	-	-	(5,448.54)	(5,448.54)
Add:- Other comprehensive income/(loss) for the year	-	-	-	4.84	4.84
Total Comprehensive Income/(Loss) for the year	-	-	-	(5,443.70)	(5,443.70)
Add:- On account of issue of equity shares	1.78	-	-	-	1.78
Add:- On account of issuance of CCPS (net of tax) (refer note 16)	-	-	136.61	-	136.61
Add/(Less): Transfer from Debenture Redemption Reserve to Retained Earnings	-	(90.67)	-	90.67	-
Less:- Share Issue Expenses	(1.79)	-	-	-	(1.79)
Less: Others	-	-	(1.66)	-	(1.66)
Balance as at March 31, 2021	3,385.36	209.59	3,188.67	(15,631.99)	(8,848.37)
Balance as at April 1, 2021	3,385.36	209.59	3,188.67	(15,631.99)	(8,848.37)
Add: Loss for the year	-	-	-	(5,668.79)	(5,668.79)
Add:- Other comprehensive income/(loss) for the year	-	-	-	34.95	34.95
Total Comprehensive Income/(Loss) for the year	-	-	-	(5,633.84)	(5,633.84)
Add/(Less): Transfer from Debenture Redemption Reserve to Retained Earnings	-	(209.59)	-	209.59	-
Balance as at March 31, 2022	3,385.36	-	3,188.67	(21,056.24)	(14,482.21)

Basis of preparation, measurement and significant accounting policies 2
The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number:108044

For and on behalf of the Board of Directors
Hero Future Energies Private Limited

Rahul Munjal
Chairman and Managing Director
DIN: 00118339

Renu Munjal
Director
DIN: 00012870

Srivatsan Srinivas Iyer
Chief Executive Officer

Benjamin Paul Fraser
Group Chief Financial Officer

Mayur Maheshwari
Company Secretary
M.No.- F7379

Place: Gurugram
Date : July 25, 2022

Place: New Delhi/London
Date : July 25, 2022

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Consolidated Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Cash flow from operating activities		
Loss before tax	(4,955.36)	(6,046.56)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	3,426.55	4,255.68
Impairment of assets (refer note 28A)	99.72	553.51
Exceptional Item (refer note 54)	1,141.43	-
Balances written off	-	3.06
Amortisation of government grant/Deferred revenue	(143.75)	(80.29)
Liability no longer required written back	(138.41)	(43.14)
Gain on sale of units of mutual funds	(2.96)	(8.74)
Unwinding of discount on deposits	(5.81)	(5.11)
Fair value Loss/ (gain) on financial assets measured at fair value through profit and loss	69.32	(3.84)
Finance costs	11,362.10	12,016.53
Finance income	(126.82)	(341.56)
Provision for doubtful receivables and advances	295.67	149.01
(Profit)/Loss on sale of property, plant and equipment and assets classified as held for sale	151.26	(20.20)
Unrealised Exchange fluctuation expense/ (gain)	244.51	(143.82)
Gain on loss of control of subsidiary (Refer note 42)	-	(118.25)
Mark to market loss on derivative instruments	(306.28)	226.01
Lease rent concession (refer note 36)	-	(11.36)
	16,066.53	16,427.49
Operating profit before working capital changes	11,111.17	10,380.93
Change in working capital:		
(Excluding cash and cash equivalent)		
Increase in trade and other receivables	(2,143.88)	(1,530.98)
Increase in inventories	(23.81)	(17.29)
Increase in trade and other payables	162.50	360.92
Increase in other financial assets	(1,941.85)	489.78
Increase in other assets	(218.21)	(361.89)
(Decrease)/increase in other financial liabilities	(72.57)	345.20
Increase in other liabilities and provisions	2,092.56	124.97
Change in working capital	(2,145.26)	(589.29)
Cash generated from operations	8,965.91	9,791.64
Less : Taxes paid/ (net of refunds)	(376.45)	767.72
Net cash flow from operating activities	8,589.46	10,559.36
II. Cash flow from investing activities:		
Net Proceeds from sale of mutual funds	176.46	144.99
Purchase of property, plant and equipment	(12,933.70)	(1,443.91)
Proceeds from sale of property, plant and equipment and assets classified as held for sale	273.73	44.91
Proceeds from sale of equity shares of subsidiary (refer note 42)	-	44.15
Fixed deposits with banks (net)	305.19	1,811.53
Loan given to subsidiaries and fellow subsidiary	(1,444.78)	(1,639.72)
Investment in fellow subsidiary	-	(72.97)
Proceeds from Government grant	25.30	-
Interest received	137.36	327.81
Net cash generated from/ (used in) investing activities:	(13,460.44)	(783.21)
III. Net cash flow from financing activities:		
Payment of principal portion of lease liabilities	(57.92)	(78.06)
Issue of Compulsory Convertible Preference shares ('CCPS')	-	789.62
Net (repayment)/ proceeds of short term borrowings	1,512.27	(6,214.64)
Repayment of long term borrowings	(31,529.28)	(8,712.44)
Proceeds from long term borrowings	45,880.21	11,405.09
Interest paid	(9,092.25)	(8,995.79)
Net cash generated from/ (used in) financing activities	6,713.03	(11,806.22)

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HERO FUTURE ENERGIES PVT. LTD. New Delhi *

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Consolidated Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net change in Cash & cash equivalents (I+II+III)	1,842.05	(2,030.07)
Cash and cash equivalents as at the beginning of the year (a)	(97.22)	1,934.53
Cash and cash equivalents transferred on loss of control of subsidiary (b)	-	(1.68)
Cash and cash equivalents as at the end of the year (c)	1,744.83	(97.22)
Net change in Cash & cash equivalents (a-b-c)	1,842.05	(2,030.07)

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

S. R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date : July 25, 2022

For and on behalf of the Board of Directors
Hero Future Energies Private Limited

Rahul Munjal
Chairman and Managing Director
DIN: 00118339

Renu Munjal
Director
DIN: 00012870

Srivatsan Srinivas Iyer
Chief Executive Officer

Benjamin Paul Fraser
Group Chief Financial Officer

Mayur Maheshwari
Company Secretary
M.No.- F7379

HERO FUTURE ENERGIES PVT. LTD. New Delhi

Place: New Delhi/London
Date : July 25, 2022

Note 1: Corporate Information

The Consolidated Financial Statements comprise financial statements of Hero Future Energies Private Limited ("the Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2022. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The registered office of the Company is located at Plot No. 201, First Floor, Okhla Industrial Estate, Phase - III New Delhi - 110020.

The Group is primarily engaged in the implementation of power projects and generation of power through renewable sources of energy and to provide professional consultancy services in relation thereto.

The Group, as at March 31, 2022 has 3 wholly owned direct subsidiaries namely Hero Solar Energy Private Limited, Hero Wind Energy Private Limited and Hero Rooftop Energy Private Limited and 33 step down subsidiaries (collectively referred to as 'the subsidiaries / the subsidiary companies').

The Consolidated Financial Statements were authorised for issue in accordance with a resolution of the directors on July 25, 2022.

Note 2 Basis of Preparation, Measurement and Significant Accounting Policies

Note 2.1 Basis of Preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Consolidated Financial Statements have been prepared on accrual basis and under the historical cost convention issued thereunder and other accounting principles generally accepted in India. These Consolidated Financial Statements have been prepared using presentation and disclosure requirements of the Schedule III of the Companies Act 2013.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

The accounting policies adopted in the preparation of Consolidated Financial Statements are consistent with those used in the annual financial statements for the year ended March 31, 2021 unless otherwise stated in note 2.3(y)

The financial statements are presented in Rupees Millions and all values are rounded to the nearest millions upto two decimals thereof except otherwise stated.

Note 2.2 Principles of consolidation:

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended March 31, 2022. When the end of the reporting year of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill), liabilities of the subsidiary, carrying amount of any non-controlling interests and cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received, fair value of any investment retained, any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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Following subsidiary companies and step down subsidiary companies have been considered in the preparation of the Consolidated Financial Statements:

S. No.	Name of the group	Country of Incorporation	% of voting power held as at March 31, 2022	% of voting power held as at March 31, 2021
1	Hero Solar Energy Private Limited	India	100.00%	100.00%
2	Hero Wind Energy Private Limited	India	100.00%	100.00%
3	Clean Wind Power (Anantapur) Private Limited	India	100.00%	100.00%
4	Clean Wind Power (Pratapgarh) Private Limited	India	69.16%	69.16%
5	Clean Wind Power (Ratlam) Private Limited	India	100.00%	100.00%
6	Clean Wind Power (Satara) Private Limited	India	100.00%	100.00%
7	Clean Wind Power (Devgarh) Private Limited	India	100.00%	100.00%
8	Clean Wind Power (Manvi) Private Limited	India	69.81%	68.97%
9	Clean Wind Power (Jaisalmer) Private Limited	India	100.00%	100.00%
10	Clean Wind Power (Kurnool) Private Limited	India	100.00%	100.00%
11	Clean Wind Power (Bhavnagar) Private Limited	India	100.00%	100.00%
12	Clean Wind Power (Piploda) Private Limited	India	100.00%	100.00%
13	Clean Wind Power (Bableshwar) Private Limited	India	100.00%	100.00%
14	Clean Solar Power (Chitradurga) Private Limited	India	100.00%	100.00%
15	Clean Solar Power (Dhar) Private Limited	India	100.00%	100.00%
16	Clean Solar Power (Tumkur) Private Limited	India	100.00%	100.00%
17	Clean Solar Power (Bhadla) Private Limited	India	100.00%	100.00%
18	Clean Solar Power (Jaipur) Private Limited	India	100.00%	100.00%
19	Clean Solar Power (Gulbarga) Private Limited	India	100.00%	100.00%
20	Clean Solar Power (Bellary) Private Limited	India	100.00%	100.00%
21	Rajkot (Gujarat) Solar Energy Private Limited	India	100.00%	100.00%
22	Bhilwara Green Energy Limited	India	100.00%	100.00%
23	LNJ Power Ventures Limited	India	74.00%	74.00%
24	Hero Rooftop Energy Private Limited	India	100.00%	100.00%
25	Vayu Urja Bharat Private Limited	India	100.00%	100.00%
26	Clean Wind Power (Tuticorin) Private Limited	India	100.00%	100.00%
27	Clean Solar Power (Jodhpur) Private Limited (note (d))	India	100.00%	100.00%
28	Clean Solar Power (Konch) Private Limited	India	100.00%	100.00%
29	Clean Solar Power (Kadapa) Private Limited	India	100.00%	100.00%
30	Clean Solar Power (Sirsa) Private Limited	India	100.00%	100.00%
31	Waaneep Solar Private Limited	India	100.00%	100.00%
32	Clean Solar Power (Baniyana) Private Limited	India	100.00%	100.00%
33	Clean Solar Power (Bhainsada) Private Limited (note (c))	India	51.00%	51.00%
34	Clean Solar Rooftop Private Limited	India	100.00%	100.00%
35	Clean Solar Power (Amarsar) Private Limited	India	100.00%	100.00%
36	Clean Renewable Energy (Bikaner) Private Limited (note (b))	India	100.00%	-
37	Clean Renewable Energy (Barmer) Private Limited (note (b))	India	100.00%	-

Notes:

(a) Hero Future Energies Global Limited ("HFE Global") held 15,840 Unsecured, Unlisted, Optionally Convertible Cumulative Debentures ("OCCDs") of euro 1,000 each in Clean Solar Power Eastern Europe Limited ("CSPEE") with an option to convert those OCCDs into fully paid-up equity ordinary shares of GBP1. During the year ended March 31, 2022, HFE Global has exercised this option and as a result of this HFE Global has now become majority shareholder. The above capital restructuring does not have any impact on the Consolidated Financial Statements for the year ended March 31, 2022.

(b) The subsidiaries are incorporated during the current year.

(c) Refer Note 42

(d) Subsequent to balance sheet date, the project has achieved its commercial operation (COD). As per terms of above mentioned agreements, the investor has direct exposure to variable return from the said project starting from COD, therefore, basis the definition of 'control' per IND AS 110, the management is of the view that investor would possess control over the said SPV i.e. "Clean Solar Power (Jodhpur) Private Limited" w.e.f its COD date of April 21, 2022.

Note 2.3: Summary of significant accounting policies

a) **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share - based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

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Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent years.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement year, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement year adjustments. The measurement year does not exceed one year from the acquisition date.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method.

The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Consolidated Financial Statements. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The components of equity of the acquired companies are added to the same components within the Group's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

The Group's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting year presented.

b) <u>Current versus non-current classification</u>

Assets and liabilities in the balance sheet are presented based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is current when:

(a) It is expected to be settled in normal operating cycle

(b) It is held primarily for the purpose of trading

(c) It is due to be settled within twelve months after the reporting period, or

(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle: The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The entities in the Group has identified twelve months as its operating cycle.

c) <u>Fair value measurement</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the respective group entity

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. (Refer Note 39).

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Cross currency interest rate swaps are valued at mark to market which uses valuation techniques and employs the use of market observable inputs. The valuation technique incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the currency, interest rate curves and forward rate curves of the underlying instrument.

At each reporting date, the management of the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies of the Group.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

This note summarises the accounting policy for determination of fair value. Other fair value related disclosures are given in the relevant notes as following:

- Quantitative disclosures of fair value measurement hierarchy (Refer Note 40)
- Financial instruments (including those carried at amortised cost) (Refer Note 41)

d) Revenue Recognition

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) Sale of power
Revenue from sale of power is recognised net of estimated rebates and other similar allowances over the time when the units of electricity is delivered.

(ii) Generation based Incentive
Generation based incentive ('GBI') is recognized with reference to "Extension scheme for GBI for Grid connected Wind Power Projects dated September 4, 2013 whereby GBI would be available for wind turbines commissioned on or after April 1, 2012. Under the scheme, GBI will be provided to wind electricity producers @ Rs 0.50 per unit of electricity fed into' the grid for a year not less than 4 years and a maximum year of 10 years with a cap of Rs. 10 million per MW. GBI is recognized on the basis of supply of units generated by the Group to the state electricity board from the eligible project in accordance with the scheme of the "Generation Based Incentive (GBI)".

(iii) Sale of Engineering, Procurement and Construction services :
The Group provides operating and maintenance services and sells solar rooftop panels. The Group has determined that these services and provision of goods represent individual performance obligation which are satisfied over time. Revenue is recognised on the percentage of completion method. The percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Profit on contracts is recognised on the percentage of completion method and losses are accounted as soon as these are anticipated. However, profit is not recognised unless there is reasonable progress on the contract.

The transaction price is based on an agreed contract price which is generally fixed. Extra claims on construction contracts are accounted for as variable consideration. The revenue on account of extra claims on construction contracts is accounted for at the time of acceptance in principle by the customers due to uncertainties attached.

(iv) Dividend and Interest Income:
Dividend income is recognised when the right of the Group to receive dividend is established by the reporting date.
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

(v) Carbon Credit
Income from sale of carbon credit is recognised at the time of transfer of credits to customers.

(vi) Application of Interpretation for Service Concession Arrangements (SCA):
Management has assessed applicability of Appendix C of Indian Accounting Standards 115: Service Concession Arrangements for the power purchase agreement which the company has entered into. In assessing the applicability of SCA, the management has exercised significant judgement in relation to the underlying ownership of the assets, the attached risks and rewards of ownership, residual interest and the fact that secondary lease periods are not at nominal lease rentals etc. in concluding that the arrangements don't meet the criteria for recognition as service concession arrangements.

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Contract balances:

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (r) Financial instruments – initial recognition and subsequent measurement.

Trade receivables include unbilled revenue represents services rendered by the Company but not invoiced as at balance sheet date as the right to consideration is unconditional and only passage of time is required before payment of that consideration is due.

e) **Foreign currencies**

Functional and presentational currency

The group's Consolidated Financial Statements are presented in Indian Rupees (Rs.) which is also the functional currency of all entities in the group. Functional currency is the currency of the primary economic environment in which a group operates and is normally the currency in which the group primarily generates and expends cash. All the financial information presented in Rs million except where otherwise stated.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

f) **Taxes**

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Current income tax assets and liabilities are offset if a legally enforceable right exists to set off these.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences , except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In the situations where one or more entities are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday year, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday year. Deferred tax in respect of temporary differences which reverse after the tax holiday year is recognized in the year in which the temporary differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first."

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Group will pay normal income tax during the specified year. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future year based on the internal projections of the Management. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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g) Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognized as income on a systematic basis over the years that the related costs, for which it is intended to compensate, are expensed. When the grant related to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When grants of non-monetary assets is received, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

The grants related to an expense item is presented as other income in the Statement of Profit and Loss. Thus, sale of emission reduction certificates have been recognised as other income.

Subsidy (Viability Gap Funding)

The Group receives Viability Gap Funding (VGF) for setting up of certain solar power projects. The Group records the VGF proceeds on fulfilment of the underlying conditions as deferred government grant. Such deferred grant is recognized over the year of useful life of underlying asset

h) Property, Plant and Equipment

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in Statement of Profit and Loss as and when incurred.

Accordingly, the Group adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting year pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the year. In other words, the Group do not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

During the year, as a part of its annual exercise of review of estimates, the Group have conducted an operational efficiency review of its wind power plants and solar power plants respectively, classified under category property, plant and equipment. Basis the study and technical advice, with effect from April 1, 2021, the expected useful life of wind power plants and solar power plants has been revised from 25 years to 30 years and 35 years respectively. As a result of change, depreciation expenses recognized in Statement of Profit and Loss during the current period is decreased as compared to previous period. The effect of above changes on actual and expected depreciation expense was as follows.

i) Intangible assets

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

j) Depreciation/amortization of fixed assets

Based on expert legal opinion, management is of the view that rates notified by the Central Electricity Regulatory Commission (CERC) or State Electricity Regulatory Commission (SERC) are not applicable to the Group and accordingly the management is providing Depreciation on Property, plant and equipment based on useful life given in Part (a) and (c) of Schedule II of Companies Act, 2013 and is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives as given below, the management believes that these estimated useful lives are realistic and reflect fair approximation of the year over which the assets are likely to be used.

Assets	Useful Life (in years)
Plant & Equipments (including Wind Turbine Generator, Solar plants and transmission lines*)	30-35
Building & Substation	10-25
Computers and Data processing Machines	3-6

* Based on internal technical assessment, the Management believes that the useful life of Wind Turbine Generator, solar plants and transmission lines as given above, which best represents the year over which Management expects the use of assets. Hence the useful life of these assets is different from the useful life as prescribed under Part C of schedule II of Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets with finite lives are amortized over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization year and the amortization method for an intangible asset with finite life are reviewed at least at the end of each reporting year.

Type of asset	Useful lives (in years)
Customer Contracts acquired during business combination	25
Right to Use asset	25
Computer Software	3-5

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During the year ended March 31, 2022, as a part of its annual exercise of review of estimates, the Group has conducted an operational efficiency review of its wind power plants and solar power plants respectively, classified under category property, plant and equipment. Basis the study and technical advice, with effect from April 1, 2021, the expected useful life of wind power plants and solar power plants has been revised from 25 years to 30 years and 35 years respectively. As a result of change, depreciation expenses recognized in Statement of Profit and Loss during the current year is decreased as compared to previous year. The effect of above changes on actual and expected depreciation expense was as follows.

Particular	Amounts
Actual effect in current year	
Financial year 2021-22	903.68
Expected amount of effect in future years	
Financial year 2022-23	903.68
Financial year 2023-24	903.68
Financial year 2024-25	903.68
Financial year 2025-26	903.68

k) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l) **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used;

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low value

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense as they are incurred.

m) **Impairment of non-financial assets**

The Group assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre -tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a year of five years. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond years covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

n) **Share based payment**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions or cash-settled transactions). Until the time holding company gets listed on any recognised stock exchange in India, the holding company evaluate its Employees Stock Option Plan (herein after called as 'Plan') as Cash Settled Stock Option Plan in accordance Ind AS 102 by using fair value model.

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black Scholes model, further details of which are given in Note 49. This fair value is expensed over the year until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

o) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The group has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

Defined benefit plan

The group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The group accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

Other Long Term Employee Benefits

As per the group's policy, eligible leaves can be accumulated by the employees and carried forward to future years to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

p) **Provisions**

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning costs:

Liability for decommissioning costs is provided for those lease arrangements where the Group has a binding obligation at the end of the lease year to restore the leased premises in a condition similar to inception of lease. Provision for decommissioning costs is provided at the present value of expected costs to settle the obligation using discounted cash flows and is recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

q) **Inventory**

Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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r) **Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
-Debt instruments at amortised cost
-Debt instruments at fair value through other comprehensive income (FVTOCI)
-Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
-Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The category applies to the group's trade and other receivables, cash and cash equivalents, security deposits and other loans and advances, etc.
A debt instrument is measured at the amortised cost if both the following conditions are met:
(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The accretion of EIR is recorded as an income or expense in statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A debt instrument is measured at fair value through other comprehensive income if following criteria are met:
a) Business Model Test : The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.
b) Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity instruments

All equity investments in the scope of Ind AS 109 are measured at fair value.
For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when:
(i) The contractual rights to receive cash flows from the asset has expired, or
(ii) The Group has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on all the financial assets and credit risk exposure.

The Group follows 'simplified approach for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss (P&L).

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Financial Liabilities

Initial recognition and measurement

On the date of issuance Financial Instruments with conversion feature are evaluated for equity, liability and compound instrument classification as per the contractual terms. Basis the assessment if considered appropriate, consideration received is allocated to different components per the applicable accounting guidance. If there is any embedded derivative same has been accounted as per guidance.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities of the Group include trade and other payables, derivative financial instruments, loans and borrowings including bank overdraft, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as discussed below:-

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at fair value through profit and loss.

Trade Payables

These amounts represents liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

The Group recognise debt modifications agreed with lenders to restructure their existing debt obligations. Such modifications are done to take advantage of falling interest rates by cancelling the exposure to high interest fixed rate debt, pay a fee or penalty on cancellation and replace it with debt at a lower interest rate (exchange of old debt with new debt). The qualitative factors considered to be relevant for modified financial liabilities include, but are not limited to, the currency that the debt instrument is denominated in, the interest rate (that is fixed versus floating rate), conversion features attached to the instrument and changes in covenants. The accounting treatment is determined depending on whether modifications or exchange of debt instruments represent a settlement of the original debt or merely a renegotiation of that debt. The exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Compound Financial Instruments

A compound financial instrument is a non-derivative financial instrument that, from the issuer's perspective, contains both a liability and an equity component.

On issuance of the mandatorily redeemable preference shares with dividends paid at the issuer's discretion, the fair value of the liability component is measured by determining the net present value of redemption amount, discounted at the market rate of interest prevailing at the time of issue. This amount is classified as a borrowing measured at amortised cost until it is extinguished on redemption. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount separately determined for the liability component.

After initial measurement, on the liability component, interest is accrued using EIR and is recognised in the consolidated statement of profit and loss as finance costs. Any dividends paid are related to the equity component and are recognised directly in the equity.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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s) **Derivative financial instruments**

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and call options, to hedge its interest rate risks and foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

t) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net off bank overdrafts as they considered an integral part of the Group's cash management.

u) **Earnings per share (EPS)**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issue data later date. Dilutive potential equity shares are determined independently for each year presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

v) **Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

w) **Events occurring after the Balance Sheet date**

Impact of events occurring after the balance sheet date that provide additional information materially effecting the determination of the amounts relating to conditions existing at the balance sheet date are adjusted to respective assets and liabilities.

The Group does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting year.

The Group makes disclosures in the financial statement in cases of significant events.

x) **Non-current assets held for sale**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

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y) Changes in accounting policies and disclosures

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 - Reference to Conceptual Framework
The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements

Ind AS 16 - Proceeds before intended use
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 - Annual Improvements to Ind AS (2021)
The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 - Annual Improvements to Ind AS (2021)
The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

z) **Standards issued but not yet effective**
There are no new standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements.

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2.4 **Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Assessment of useful life and residual value of property, plant and equipment and intangible asset
Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. Considering the applicability of Schedule II of Companies Act, 2013, the management has re-estimated useful lives and residual values of all its property, plant and equipment. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013 (Refer note 3,4 and 5).

ii) Fair Value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 39 for further disclosures.

iii) Recognition and estimation of tax expense including deferred tax
The Group makes various assumptions and estimates while computing deferred taxes which include production related data (PLFs), projected operations and maintenance costs, projected finance costs, proposed availment of deduction under section 80IA of the Income Tax Act, 1961 and the period over which such deduction shall be availed, usage of brought forward losses etc. While these assumptions are based on best available facts in the knowledge of management as on the balance sheet date however, they are subject to change year on year depending on the actual tax laws and other variables in the respective year. Given that the actual assumptions which would be used to file the return of income shall depend upon the tax laws prevailing in respective year, management shall continue to reassess these assumptions while calculating the deferred taxes on each balance sheet date and the impact due to such change, if any, is considered in the respective year. Refer note 32.

iv) Estimation of assets and obligations relating to employee benefits (including actuarial assumptions)
The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates. Refer note 35.

v) Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, legal interpretations of various other acts/laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer note 37.

vi) Impairment of non-Financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for useful life of the project and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Refer note 54

vii) Provision for expected credit losses of trade receivables and contract assets
The Group follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. As concluded by the management that there is no risk of default from the DISCOMs/State Government bodies being a state government entities. Accordingly, no provision for default risk is required for receivables from DISCOM. As per the requirements of Ind AS 109, on subsequent measurement, the management while making ECL assessment considered the past experience with the Government of honouring its commitments and the strong capacity and ability of the Government to meet its contractual cash flow obligations.

viii) Going concern assessment - Note 49

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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

3 Property, plant and equipment

	Freehold land (refer note (a) below)	Plant and Equipments	Building and Substation	Right of use asset (Land)	Right of use asset (Building)	Computers and Data processing Machines	Total
Gross Block							
(At cost)							
As at April 01 2020	4,524.60	94,556.29	5,231.31	599.23	365.26	199.29	105,475.98
Additions made during the year	138.81	313.10	0.13	46.93	2.63	5.18	506.78
Disposals / adjustments during the year	-	(18.61)	-	(8.36)	(91.97)	(0.28)	(119.22)
Adjustment on account of loss of control of subsidiary (refer note 42)	(303.37)	-	-	(46.93)	-	-	(350.30)
As at March 31, 2021	4,360.04	94,850.78	5,231.44	590.87	275.92	204.19	105,513.24
Additions made during the year	332.08	7,660.44	5.73	-	-	47.11	8,045.36
Disposals / adjustments during the year	(266.87)	(22.56)	(9.35)	(13.67)	(66.68)	(1.09)	(380.22)
Asset classified as held for sale (Refer note 14)	(243.08)	-	-	-	-	-	(243.08)
As at March 31, 2022	4,182.17	102,488.66	5,227.82	577.20	209.24	250.21	112,935.30
Depreciation and Impairment							
As at April 01, 2020	-	13,449.97	663.36	24.95	43.39	136.45	14,318.12
Depreciation charge for the year	-	3,932.15	120.74	24.90	40.69	40.61	4,159.09
Impairment during the year	-	80.10	24.13	-	-	-	104.23
On disposals / adjustments during the year	-	-	-	-	(18.78)	(0.27)	(19.05)
Adjustment on account of loss of control of subsidiary	-	-	-	(0.49)	-	-	(0.49)
As at March 31, 2021	-	17,462.22	808.23	49.36	65.30	176.79	18,561.90
Depreciation charge for the year	-	3,047.85	137.68	23.37	30.31	31.21	3,270.42
On disposals / adjustments during the year	-	(15.57)	(0.06)	-	(18.05)	(0.89)	(34.57)
Impairment during the year (Refer note 54)	686.45	-	-	-	-	-	686.45
As at March 31, 2022	686.45	20,494.50	945.85	72.73	77.56	207.11	22,484.20
Net book value							
As at March 31, 2021	4,360.04	77,388.56	4,423.21	541.51	210.62	27.40	86,951.34
As at March 31, 2022	3,495.72	81,994.16	4,281.97	504.47	131.68	43.10	90,451.10

Note: a) Four (4) subsidiaries of the group are having 475.53 acre (March 31, 2021: 992.68 acre) of freehold land amounting to Rs. 375.06 million (March 31, 2021: Rs. 771.95 million) in different states, which is not yet registered in the name of the said subsidiaries due to pending approval of conversion of Agricultural land to Non-Agricultural land ('NA'), for which General Power of Attorney ('GPA') and Agreement to Sell ('ATS') are available with the said subsidiaries. The management believes that delay in registration of land in the name of the subsidiaries is only a procedural delay and the Group will get the NA conversion approval and registration of land in near future.

Further in case One of the subsidiary namely, Clean Wind Power (Manvi) Private limited 153.78 acre of freehold land amounting to Rs. 155.07 million (March 31, 2021: 153.78 acre of freehold land amounting to Rs. 155.07 million), in respect of which the vendor, Siemens Gamesa Renewable Power Private Limited ('Gamesa') has to transfer clear and marketable title of the said parcel of land within specified period from the date of commissioning. Gamesa is yet to transfer clear and marketable title of these said parcels of land in the name of the said subsidiaries, which is pending due to certain procedural formalities and approval process for conversion of Agriculture land to Non-Agriculture land (NA). The management believes that delay in transfer of land in the name of the subsidiary is only a procedural delay and the Group will get the transfer of land in their name in near future.

(b) The amount of borrowing costs capitalised during the year ended March 31, 2022 was Rs 109.43 million (March 31, 2021 Rs. 6.45 million). Refer note 17 "Borrowing" for capitalisation rate and for charge against the above mentioned assets.

(All amounts are in Indian Rupees (in millions), unless otherwise stated)

4 Capital work-in-progress

	Total
As at April 1, 2020	2,625.57
Addition during the year	767.62
Capitalised during the year	(253.85)
Impairment during the year (Refer note (a) and (b) below)	(304.02)
Adjustment on account of loss of control of subsidiary	(103.66)
As at March 31, 2021	2,731.66
Addition during the year	12,616.05
Capitalised during the year	(7,604.58)
Impairment during the year (Refer note 53 and 54)	(442.40)
Asset classified as held for sale (Refer note 14)	(812.97)
Disposal/Adjustment during the year	(92.22)
As at March 31, 2022	6,395.54

(a) In respect of one of the subsidiary namely Clean Wind Power (Satara) Private Limited, commissioning of one WTG of 2 MW ("WTG") got delayed due to certain Right of Way (RoW) and other land related issues resulting into expiration of Infrastructure Clearance given by Maharashtra Energy Development Agency ('MEDA'). Considering the fact that the WTG commissioning got delayed, the management had carried an impairment assessment and identified the discounted cash flows based on weighted average cost of capital (WACC) of 10.65% and plant load factor (PLF) of 23.70% ascertained based on project actual performance and external factors. Accordingly, the Group had recognised an impairment charge of Rs. 45.42 million during the year ended March 31, 2021. The said WTG is commissioned in June 2021. The management believes that remaining carrying value of the said WTG under the head 'Property plant and equipment amounting to Rs. 42.84 million as at March, 2022 is fully recoverable as the project is expected to generate future economic benefits.

(b) One of the subsidiary namely Clean Solar Power (Jaipur) Private Limited, was in the process of setting up 100 MW solar power project in Jaipur location, in 2 phases, with phase -1 having planned capacity of 40 MW, vide letter dated October 18, 2017, Rajasthan Renewable Energy Corporation Limited ('RRECL") has registered application for 100 MW Solar Photovoltaic Power project for captive use in Rajasthan in the name of erstwhile Hero Future Energies Private Limited. Subsequently, this project was transferred in the name of the subsidiary vide letter dated November 11, 2017 from RRECL. Accordingly, the subsidiary has purchased 386 acres of land and necessary material required for project.

Further vide letter dated December 28, 2017, Rajasthan Rajya Vidhyut Prasaran Nigam Limited ('RRVPNL') has asked equity structure of the company to ensure that the project qualify as captive generating power plants as per definition given in Electricity Act 2003. RRVPNL had not granted approval to any of the developers for such Open Access/Captive projects. Since it was unlikely that the connectivity would be granted and the project would kick off. Therefore, during the year ended March 31, 2021, the management had decided to transfer assets acquired for this project to other projects within the group and accordingly had recognised a charge of Rs. 258.60 million in respect of these assets based on an assessment of its current market price, taking account of its physical condition and obsolescence.

Further, subsequent to March 31, 2022, the management has entered into an agreement for sale of freehold land pertaining to this project at a sale consideration of Rs. 96.63 million accordingly, said freehold land has been classified as asset held for sale as at March 31, 2022 and a fair value loss of Rs. 63.91 million has been recognized in the statement of profit and loss account during the current year.

The amount of borrowing costs capitalised during the year ended March 31, 2022 was Rs 128.50 million (March 31, 2021 Rs 10.82 million). Refer note 17 "Borrowing" for capitalisation rate.

Capital work-in-progress (CWIP) as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress	6,013.72	228.87	33.53	115.78	6,391.90
Projects temporarily suspended	-	-	3.64	-	3.64
Total	6,013.72	228.87	37.17	115.78	6,395.54

Capital work-in-progress (CWIP) as at March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress	544.11	1,191.20	996.35	-	2,731.66
Total	544.11	1,191.20	996.35	-	2,731.66

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5 Intangible assets

	Goodwill	Customer Contracts	Other intangible assets	Total
Gross Block				
(At cost)				
As at April 01, 2020	736.36	2,072.70	53.64	2,862.70
Additions made during the year	-	-	-	-
As at March 31, 2021	736.36	2,072.70	53.64	2,862.70
Additions made during the year	-	-	62.87	62.87
As at March 31, 2022	736.36	2,072.70	116.51	2,925.57
Amortisation and Impairment				
As at April 01, 2020	286.34	131.43	50.62	468.39
Amortisation for the year	-	95.90	0.69	96.59
Impairment for the year*	145.26	-	-	145.26
As at March 31, 2021	431.60	227.33	51.31	710.24
Amortisation for the year	-	150.70	5.43	156.13
Impairment for the year	-	-	-	-
As at March 31, 2022	431.60	378.03	56.74	866.37
Net book value				
As at March 31, 2021	304.76	1,845.37	2.33	2,152.46
As at March 31, 2022	304.76	1,694.67	59.77	2,059.20

The Group is required to test, on an annual basis, whether goodwill, has suffered any impairment. An impairment loss is recognised when the recoverable amount of CGU falls below its net book value as at the date of testing. For detailed key assumptions refer note 54.

Based on the results of the Goodwill Impairment test, an impairment charge of Rs. 145 million was recognised in respect of Bhilwara Green Energy during the year ended March 31, 2021 in the statement of Profit & Loss account.

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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

6 Financial assets

	As at March 31, 2022	As at March 31, 2021
Investment		
Non- current		
Investment in equity shares- measured at fair value	78.58	142.37
	78.58	142.37
Current		
Investment in mutual funds	25.82	198.70
	25.82	198.70
Total	104.40	341.07

Breakup of investments is as follows:

Investments at fair value through profit or loss - in equity shares		
4,595,100 equity shares in Clean Solar Power (Bhainsada) Private Limited (March 31, 2021 4,595,100 shares)	78.58	72.43
Total (a)	78.58	72.43
9 equity shares in Clean Solar Power (Eastern Europe) Limited (March 31, 2021 9 share)	72.97	72.97
Less: Provision for imapirement of investment in equity share of subsidiaries (Refer note 55)	(72.97)	(3.03)
Total (b)	-	69.94
Total (a+b)	78.58	142.37
Investments at fair value through profit or loss - in unquoted mutual funds		
ABSL Liquid Fund -Growth Plan***, 357.48 units (March 31, 2021: Nil units)	25.82	-
Aditya Birla Sun Life Liquid fund - Growth - Regular Plan - Nil units (March 31, 2021 : 254,281 units)	-	83.74
SBI Liquid Fund- Growth -Nil units (March 31, 2021: 35,889.81 units)	-	114.96
	25.82	198.70
Aggregate value of unquoted investments	177.37	344.10
Aggregate amount of impairment in value of investments	(72.97)	-
Aggregate value of unquoted investments (net of impairment)	104.40	344.10

7 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Non- current		
Trade receivables		
- Receivables considered good - Unsecured;	93.22	7.59
	93.22	7.59
Current		
Trade receivables*		
- Receivables considered good - Secured;	100.00	100.00
- Receivables considered good - Unsecured;	9,394.19	7,523.98
- Receivables - credit impaired	371.96	243.64
	9,866.15	7,867.62
Impairment Allowance (allowance for bad and doubtful debts)		
- Receivables - credit impaired	(371.96)	(243.64)
	9,494.19	7,623.98
* Trade receivable include the amount of unbilled revenue. Please refer acounting policy on Trade receivable.	1,153.36	1,128.41
* Trade receivable include the amount receivable from related parties (refer note 34)	4.19	2.06

a) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

b) For terms and conditions relating to related party receivables, refer note 34.

c) Trade receivables are generally on terms of 45 to 60 days.

As at Reporting date March 31, 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	1,094.00	860.34	2,318.72	2,398.25	215.55	104.04	190.05	7,180.95
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	5.89	5.89
(iv) Disputed Trade Receivables - considered good	49.82	22.66	281.90	222.89	1,212.56	415.77	200.86	2,406.46
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	9.54	8.71	41.63	51.42	114.11	90.43	50.23	366.07
Total	1,153.36	891.71	2,642.25	2,672.56	1,542.22	610.24	447.03	9,959.37

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As at Reporting date March 31, 2021

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	1,069.19	655.01	2,656.84	1,062.24	187.28	77.04	84.64	5,792.24
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	48.18	27.62	644.38	493.23	467.45	135.88	22.59	1,839.33
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	11.04	9.24	46.64	58.02	84.18	3.92	30.60	243.64
Total	1,128.41	691.87	3,347.86	1,613.49	738.91	216.84	137.83	7,875.21

8 Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- Current account	3,542.78	2,522.58
- Deposits with original maturity of three months or less	369.52	1,230.53
Cash on hand	0.01	0.01
	3,912.31	3,753.12

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

a) For the purpose of the statement of cash flow, cash and cash equivalents comprise of the following:

	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
- Current account	3,542.78	2,522.58
- Deposits with original maturity of three months or less	369.52	1,230.53
Cash on hand	0.01	0.01
Bank overdraft (refer note 17)	(2,167.48)	(3,850.34)
	1,744.83	(97.22)

9 Other bank balances

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity for more than 3 months but less than or equal to 12 months*	2,489.03	2,758.28
		-
	2,489.03	2,758.28
* Includes deposits held as margin money against bank guarantee and short term loan.	1,154.63	1,552.42

10 Other financial assets

	As at March 31, 2022	As at March 31, 2021
Non- current		
Deposits with original maturity of more than 12 months*	85.56	192.03
Security deposits	77.49	69.36
Less: provision for doubtful advance	(0.76)	(0.76)
Receivable from government authorities (Refer note 52)	1,456.49	-
Other receivables	34.54	31.83
	1,653.32	292.46
Current		
Derivatives not designated as hedges:		
- Currency and interest rate swaps	219.49	-
Loan to related parties (refer note 34)	2,989.97	1,639.72
Deposits with original maturity of more than 12 months*	183.25	112.72
Accrued interest on fixed deposits	3.61	14.15
Accrued interest on loan to related parties	144.47	10.63
Less: Provision for doubtful assets	(144.47)	-
Security deposits	10.39	4.34
Receivable from government authorities (Refer note 52)	87.39	-
Other receivables	220.11	52.70
Less: provision for doubtful debts (refer note 37 (c) (iii) (i))	(34.53)	(34.53)
	3,679.68	1,799.73
Total	5,333.00	2,092.19
* Includes fixed deposit with interest under lien held as margin money	247.86	137.62

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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

a) Break up of financial assets carried at amortised cost:	As at March 31, 2022	As at March 31, 2021
Trade receivables (Refer to note 7)	9,587.41	7,631.57
Cash and cash equivalents (Refer to note 8)	3,912.31	3,753.12
Other bank balances (Refer to note 9)	2,489.03	2,758.28
Other financial assets (Refer to note 10)	5,113.51	2,092.19
Total	21,102.26	16,235.16

b) Break up of financial assets carried at fair value through profit or loss:	As at March 31, 2022	As at March 31, 2021
Investment (Refer to note 6)	104.40	341.07
Derivatives not designated as hedges:		
- Currency and interest rate swaps (refer Note 10)	219.49	-
	323.89	341.07

11 Other assets

(Unsecured, considered good, unless otherwise stated)	As at March 31, 2022	As at March 31, 2021
Non- current		
Capital advances	149.45	453.33
Less: Provision for doubtful capital advances	(107.35)	(107.72)
Prepaid expenses	67.78	83.23
Prepaid gratuity (funded) net of provision for gratuity	27.63	9.13
Deferred asset *	152.38	163.37
Contract Assets**	323.23	275.17
Other receivable	35.00	35.00
	648.12	911.51
Current		
Balance with government authorities	298.05	164.77
Advance to Vendors	382.11	335.63
Less: provision for doubtful advance (refer note 37 (c) (iii) (i))	(191.73)	(40.92)
Prepaid expenses	242.90	212.66
Advance to employees	35.05	13.93
Deferred asset*	7.55	7.61
Other receivables	68.21	68.12
	842.14	761.80

*Represents fair value difference of security deposits discounted
** Contract Assets is accounted due to step up pricing in Power Purchase Agreement (PPA) with Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)

12 Non- current tax assets (net)

	As at March 31, 2022	As at March 31, 2021
Advance Income Tax (Net) *	663.20	532.04
	663.20	532.04
* net of provision for tax	374.76	132.90

13 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw materials (at lower of cost and net realisable value)	-	33.94
Stores and spares	110.23	25.09
	110.23	59.03

14 Assets classified as held for sale

	As at March 31, 2022	As at March 31, 2021
Freehold land (Refer Note (4b) and (29(a))	117.96	-
Plant and Equipments (Refer Note 53)	812.97	-
	930.93	-

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15 **Equity Share Capital**

	As at March 31, 2022	As at March 31, 2021
Authorised share capital (Post amalgamation)		
Equity Share capital		
787,500,000 (March 31, 2021: 787,500,000) equity shares of Rs. 10 each	7,875.00	7,875.00
Issued, subscribed and paid up		
Equity Share capital		
7,040,295 (March 31, 2021: 7,040,295) equity shares of Rs. 10 each	70.41	70.41
	70.41	70.41

a) Reconciliation of authorised, issued and subscribed share capital:

I. Reconciliation of authorised share capital as at year end :

	No. of shares	(Rs. in million)
Balance as at April 1, 2020	787,500,000	7,875.00
Increase/(decrease) during the year	-	-
Balance as at March 31, 2021	787,500,000	7,875.00
Increase/(decrease) during the year	-	-
Balance as at March 31, 2022	787,500,000	7,875.00

II. Reconciliation of Issued and subscribed share capital as at year end :

	No. of shares	(Rs. in million)
Balance as at April 1, 2020	7,039,284	70.40
Increase/(decrease) during the year	1,011	0.01
Balance as at March 31, 2021	7,040,295	70.41
Increase/(decrease) during the year	-	-
Balance as at March 31, 2022	7,040,295	70.41

b) Terms/ rights attached to equity shares:

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and entitled to receive dividends as declared from time to time.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the company

As at March 31, 2022

	No. of shares	Holding %
Hero Future Energies Asia Pte. Limited (holding company) along with its nominee*	7,040,295	100.00%

As at March 31, 2021

	No. of shares	Holding %
Hero Future Energies Asia Pte. Limited (holding company) along with its nominee*	7,040,295	100.00%

* 1 equity share held by other shareholder as nominee on behalf of Hero Future Energies Asia Pte. Limited

d) The Company has not issued any shares pursuant to any contract without payment being received in cash or as fully paid up by way of bonus shares. The Company has not bought back any shares.

e) Shareholding of Promoters as under:

Particulars	Name of the promoters	No of shares at the beginning of the year	Change during the year	No of shares at the end of the year	% of total shares at the year end	% Change during the year
Equity shares of Rs 10 each fully paid up						
For the year ended March 31, 2022	Hero Future Energies Asia Pte.	7,040,295.00	-	7,040,295.00	100%	0.00%
For the year ended March 31, 2021	Hero Future Energies Asia Pte.	7,039,284.00	1,011.00	7,040,295.00	100%	0.01%

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16 Other Equity

Retained Earnings	Amount
Opening Balance (April 1, 2020)	(10,278.96)
Add:- Deficit in statement of profit and loss	(5,448.54)
Add:- Other comprehensive expense	4.84
Less: Transfer to debenture redemption reserve	90.67
Closing Balance (March 31, 2021)	(15,631.99)
Add:- Deficit in statement of profit and loss	(5,668.79)
Add:- Other comprehensive income	34.95
Less: Transfer from debenture redemption reserve	209.59
Closing Balance (March 31, 2022)	(21,056.24)

Other Reserves

Securities premium	
Opening Balance (April 1, 2020)	3,385.37
Add:- Addition during the year	1.78
Less:- Share Issue Expenses	(1.79)
Closing Balance (March 31, 2021)	3,385.36
Add:- Addition during the year	-
Less:- Share Issue Expenses	-
Closing Balance (March 31, 2022)	3,385.36
Debenture Redemption Reserve	
Opening Balance (April 1, 2020)	300.26
Add:- Addition during the year	-
Add:- Addition on account of acquisition	(90.67)
Closing Balance (March 31, 2021)	209.59
Add:- Addition during the year	-
Less:- Utilised during the year	(209.59)
Closing Balance (March 31, 2022)	-
Capital Reserve	
Opening Balance (April 1, 2020)	3,053.72
Add:- Addition during the year*	136.61
Less:- Others	(1.66)
Closing Balance (March 31, 2021)	3,188.67
Add:- Addition during the year*	-
Less:- Others	-
Closing Balance (March 31, 2022)	3,188.67

Nature and Purpose of Reserve:

Securities Premium

Securities premium reserve is created to record the premium on issue of shares of Hero Future Energies Asia Pte. Limited, Singapore ("Holding Company") The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Debenture Redemption Reserve

The Group had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the subsidiaries (Hero Wind Energy Private Limited, Hero Solar Energy Private Limited and Bhilwara Green Energy Limited) to create DRR out of profits of the subsidiaries available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. However, Vide notification G.S.R.574 (E) dated August 16, 2019. In case of privately placed debentures, Debenture Redemption Reserve ('DRR') is not required for listed companies. Accordingly, the Company has transferred the DRR to retained earnings. Further to this, such debentures have been redeemed fully during the year.

Capital Reserve

The Group recognizes profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve. Capital Reserve include equity component of preference shares

During the year ended March 31, 2021, the company received Rs 789.63 million in the form of Compulsorily Convertible Preference Shares from ABU DHABI FUTURE ENERGY COMPANY PJSC-MASDAR ("Masdar"). The discounted value of the instrument i.e Rs 605.02 million on the date of transaction is treated as debt and balance value of Rs. 136.61 million, net of deferred tax is treated as capital reserve.

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17 Borrowings	As at March 31, 2022	As at March 31, 2021
Non- current		
Secured		
Term loan from banks	9,624.18	7,965.10
Term loans from Financial Institutions	29,553.88	21,103.49
Non-Convertible Debentures	980.00	2,962.57
Buyer's credit	5,649.01	6,886.81
Onshore ECB Bonds	24,739.01	-
Unsecured		
Cumulative Compulsorily Convertible Preference Share	22,862.36	20,774.52
Optionally Convertible Cumulative Debentures	113.19	104.30
Compulsorily Convertible Debentures	83.20	83.20
Loan from Related Party	497.16	-
	94,101.99	59,879.99
Current		
Secured		
Current maturities of long term borrowings	5,018.70	28,253.15
Term Loans from banks	9,295.68	4,792.68
Term loans from Financial Institutions	3,927.58	-
Long Term borrowings- current	2,141.43	7,799.17
Non-Convertible Debentures	3,678.98	892.52
Bank Overdraft	1,236.41	3,196.74
Working Capital facility	-	111.50
Unsecured		
Short term borrowings	762.50	500.00
Term Loans from banks	-	1,000.00
Loan from related parties	3,237.24	2,490.67
Commercial Papers	1,839.18	-
Term Loan from others	4.10	7.50
Bank overdraft	931.07	653.60
	32,072.87	49,697.53
Total	126,174.86	109,577.52

a) Long Term Loan from Banks and Financial Institutions attract interest rate ranging from 8%p.a.- 11.75% p.a.

b) Non Convertible Debentures carry interest in the range of 9.50% p.a.- 11.75% p.a.

c) Interest on Supplier's credit is based on the LIBOR + spread ranging from 0.33-1.10%

d) Short term loan from banks and related parties, Working Capital facility and bank overdraft from banks carries interest @ 7.25% p.a.- 15% p.a.

e)Compulsory Convertible Preference Shares carry cumulative dividend @ 0.001% p.a., the Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

f) Commercial Papers carry Interest in the range of 7% p.a.- 10% p.a

g) ECB bonds carries interest @ 8.85%- 8.92% p.a.

	Entity name	Nature of Lender	Amount (in millions)	Payment terms	Security and other details
(I)	Term Loan Hero Future Energies Private Limited	ICICI Bank Ltd	397.66	The principal amount is repayable in 56 structured quarterly instalments starting from August, 18 2016	Refer Note 1(a)
		Axis Finance Ltd	899.95	The Term Loan is repayable in 12 structured quarterly instalments starting from March 31, 2022.	a)First and exclusive charge on all rights and interest of the Borrower with respect to loans and advances provided to its wholly owned subsidiary Hero Wind Energy Private Limited upto an amount of Rs. 1,100.00 million, giving a security cover of 1.1x until the final settlement date
			500.00	The Term Loan is repayable in 12 structured quarterly instalments starting from January 01, 2023.	b) Secured by all the rights and interest of the borrower with respect to loans and advances provided to its subsidiaries . The security shall be created over and above upto Rs 550.00 millions on book value basis given a security cover of 1.1x security as above will be created in favour of the lender and in the form and manner acceptable to the lender.
		Akra Fincap Limited	447.99	The Term Loan is repayable in four equal half yearly instalments starting from September 2022	a) The Loan is secured by exclusive charge by way of hypothecation of shareholder loan and pledge of compulsorily convertible debentures/equity/CCPS given by the company to its subsidiary companies Hero Wind Energy Pvt. Ltd and Hero Solar Energy Pvt. Ltd. Security shall be created based on the book value of upto Rs. 275.00 million giving a security cover of 1.1X.

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Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
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Hero Future Energies Private Limited	JM Financials Products Limited	3,927.58	The term loan is repayable in a single bullet installment on the final maturity during the period March 2023	Facilty inter alia secured by first ranking exlusive pledge over shares and CCDs/OCCDs infused by the obligor into the project SPVs , under deed of pledge entered into by the pledgor, first ranking pari-passu floating charge over all present and future current assets of the borrower , under deed of Hypothecation, entered into by the borrower ,first ranking exclusibe charge over interest service reserve account (ISRA) fixed deposit ,under deed of hypothecation entered into by the borrower , demand promissory note and letter of continuity from the borrower cheque deposit letter and two post dated cheques signed by any director/borrower for the interest amount of first two quarters .Total security cover of minimum 1.25x calculated on the book value of the assets offered as security.
Clean Solar Power (Tumkur) Private Limited	India Infradebt Limited	3,936.93	The new facility is repayable in 70 structured quarterly installments starting from September 30, 2021	Refer Note (2)
	Aditya Birla Finance Limited	971.15		
	Tata Cleantech Limited	3,509.86		
Clean Solar Power (Chitradurga) Private Limited	Power Finance Corporation Limited	1,936.36	The term Loan facility is repayable in 213 structured equal monthly instalments, starting from July 2021	Refer Note (3)
Clean Wind Power (Devgarh) Private Limited	India Infradebt Limited	1,597.36	The Term Loan is repayable 66 structured quarterly instalments starting from March 31, 2018	Refer Note (4)
	Aditya Birla Finance Limited	1,597.52		
	L&T Finance Company Limited	828.07		
	L&T Infra Credit Limited	1,613.83		
Vayu Urja Bharat Private Limited	Union Bank of India	1,247.27	The loan is repayable instructured quarterly instalments starting from June 30, 2018 and ending on September 2034	Refer Note (5)
	South Indian Bank Ltd	412.51		
	Indian Renewable Energy Development Agency	3,287.57		
	PTC India Financial Service Ltd	2,412.44		
LNJ Power Ventures Limited	Yes Bank	217.24	The loan is repayable in 52 quarterly instalments starting from June 30, 2014.	Refer Note (6)
	IFC	213.67	The loan is repayable in 26 half-yearly instalments starting from October 15, 2014.	
Clean Wind Power (Manvi) Private Limited	India Infradebt Ltd	2,239.15	The Term Loan is repayable in 68 structured quarterly instalments starting from December 31,2019.	Refer Note 7(a)
	Aditya Birla Finance Ltd	891.32	The Term Loan is repayable in 64 structured quarterly instalments starting from June 30,2019 including the moratorium period of 6 months.	Refer Note 7 (b)
Clean Wind Power (Pratapgarh) Private Limited	Tata Cleantech Capital Limited	384.21	The loan amount is repayable in 56 structured quarterly instalments commencing from June 30, 2015.	Refer Note (13)
	IndusInd Bank Ltd	1,580.46	92.5% of the Term Loan is repayable in 74 consecutive structured quarterly instalments commencing from June 30, 2020 and 7.5% of the facility to be repaid in bullet instalment along with last instalment payment.	Refer Note (14)
Clean Solar Power (Bhadla) Private Limited	State Bank of India	4,320.76	92.5% of the Term Loan is repayable in 74 consecutive structured quarterly instalments commencing from June 30, 2020 and 7.5% of the facility to be repaid in bullet instalment along with last instalment payment. The increased limit of Rs. 1200.00 millions is repayable 138 monthly instilments commencing from October 31, 2021.	
Clean Solar Power (Bellary) Private Limited	Federal Bank	858.23	The term Loan facility is repayable in 60 structured equal quarterly instalments, starting from September 2021	Refer Note (11)
Clean Wind Power (Anantapur) Private Limited	PTC India Financial Service Ltd	866.32	The said loan is repayable in 72 structured quarterly instalments starting from March 31, 2022.	Secured by way of first charge of hypothecation, mortgage and assignment by way of Indenture Of Mortgage (IOM) of all movable and immovable assets of the project (present & future) including intangibles, goodwill, uncalled capital (present and future) of the subsidiary specific to the project.
Clean Solar Power (Jodhpur) Private Limited	HSBC Limited	1,408.33	The entire facility will be repaid in full at the end of 12 months from the date of first draw down	Secured by Unqualified Corporate Guarantee given by Apraava Energy Private Limited (erstwhile known as CLP India Private Limited)
	Deutsche Bank	2,496.16	The said loan is repayable after 180 days from the date of first draw down.	
	Standard Chartered Bank	5,356.18	The said loan is repayable on September 2022	
Hero Solar Energy Private Limited	IndusInd Bank Ltd	1,844.15	The Loan is repayable in 13 quarterly structured instalments starting from September 30, 2021	Refer Note (15)
	HSBC Limited	35.00	Repayable on demand	Unsecured
	Aditya Birla Finance Ltd	987.04	The said Loan is repayable in 2 structured instalments starting from August 31, 2022.	Refer Note (16)
	Federal Bank	200.00	The loan is reapayable after 180 days from the revised date of agreement	Unsecured
	Akra Fincap Limited	373.24	The Loan is repayable in 4 structured instalments starting from September 2022	The Loan is secured exclusively through pledge of CCD/Equity/CCPS/ by HSEPL to SPV, Hypothecation of shareholder loan given by SPV.

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Waaneep Solar Private Limited	PTC India Financial Service Ltd	3,631.09	The Term Loan is repayable in 70 structured quarterly installments starting from March 31, 2022.	Refer Note (12)
Hero Wind Energy Private Limited	SBM Bank (India) Limited	373.53	The loan is repayable in 14 equal quarterly installments starting from September 30, 2021 to June 29, 2024.	This loan is secured by way of hypothecation of loans and advances given by Hero Wind Energy Private Limited to Clean Wind Power (Anantpur) private Limited and corporate guarantee of Hero Future Energies Private limited.
	Federal Bank	562.50	Repayable on demand	Unsecured
Total		58,362.63		

(ii) **Non-Convertible Debentures**

Hero Solar Energy Private Limited	Non-Convertible Debentures	2,086.73	The repayment terms are as follows: a) 10.22% Non-Convertible debentures is payable in five instalments starting from July 15, 2023 to July 15, 2025. Further, vide agreement dated March 3, 2022, the repayment schedule of the non converible debentures has been changed to equal monthly installement starting from April 15, 2022 to September 15, 2022. b) 11.50% Non convertible debentures issued during the current year is scheduled to be repaid in quarterly instalments from September 30, 2022 to May 31, 2024	The Non-convertible debentures (unlisted) are secured by way of first ranking and exclusive pledge on the Securities of the SPVs. a)The NCDs are secured by exclusive charge by way of pledge of 49% of investment in equity share of subsidiary "Waaneep Solar Private Limited" and loan given by the company to subsidiary "Waaneep Solar Private Limited" required to maintain security cover of 1.1X.
Hero Wind Energy Private Limited	Non-Convertible Debentures	2,330.20	The repayment terms are as follows: b) 10.50% Non convertible debentures issued during the current year is scheduled to matured from November 30, 2022 to December 27, 2022	Refer Note (17)
Clean Solar Power (Jodhpur) Private Limited	Non-Convertible Debentures	980.00	Debentures are repayable after one year of complete commissioning of 250 MW solar power plant.	The above stated loan amount is secured by way of : (i) First ranking changre in favour of trustee over 49% of the issued and paid up share capital of issuer. (ii) Unqualified corporate guarantee given by promoters and sponser. (iii) Second ranking charge by way of hypothecation over the identified accounts, all movable fixed assets, receivables and propertoed in relation to project.
		5,396.93		

(iii) **Onshore External Commercial Borrowings (ECB) Bonds***

Clean Solar Power (Dhar) Private Limited	Clean Renewable Power (Mauritius) Pte Ltd	949.91	Repayable in structured half yearly installments starting from March 25, 2022 till March 25, 2027	The Loan amount is secured through mortgage/ charge on certain immovable properties in relation to the project, charge by way of hypothecation over all movable property (tangible and intangible) assets, all current assets which includes revenues, receivables, book debts, deposits, cash flows and related bank accounts and pledge of 51% of the equity shores of the restricted group entities.
Clean Solar Power (Gulbarga) Private Limited		10,094.36		
Clean Wind Power (Ratlam) Private Limited		5,489.96		
Clean Wind Power (Piploda) Private Limited		1,826.79		
Clean Wind Power (Satara) Private Limited		1,743.39		
Bhilwara Green Energy Limited		1,416.52		
Clean Wind Power (Bableshwar) Private Limited		2,239.19		
Rajkot (Gujarat) Solar Energy Private Limited		2,202.25		
		25,962.37		

* During April 2021 net proceeds of these bonds were used to repay its existing project loans of RG group entities and intercoporate balances therefore these project loans were classified as current liabilities as at March 31, 2021. Further, two of RG group entities has extended intercorporate loans amounting to Rs. 71.83 million to their respective holding company out of bond proceeds.

Buyer's credit/ SBLC

Clean Solar Power (Bhadla) Private Limited	Indusind Bank Ltd.	5,649.01	The maturity date of Buyer's credit is as follows: (a) Bank of Baroda , Giftcity- Jun- Oct'22 (b) State Bank of India, Shanghai-Aug- Nov'22 (c) State Bank of India, Israel- Apr'22-Mar'23 (d) State Bank of India, Sydney- Apr-May'22	Refer Note (14)
Total		5,649.01		

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(iv)	**Cumulative Compulsorily Convertible Preference Share**				
	Hero Future Energies Private Limited	Compulsorily convertible preference shares issued to equity shareholder and preference shareholder of Hero Future Energies private Limited (amalgamated co.) of R. 100/- each fully paid at par.	22,862.36	Refer Note 1(b) to 1(e)	Refer Note 1(b) to 1(e)
	Total		22,862.36		
	Compulsory Convertible Debentures				
	LNJ Power Ventures Limited	RSWM Limited	83.20	CCDs shall have a maturity period of 20 years from the date of issuance to original holder i.e. March 21, 2013. CCDs shall be converted into equity shares, based on the fair market value determined by the valuer appointed by the Company at the end of 20th year. These CCDs shall carry coupon of 14% annualised yield (i.e internal rate of return) on the face value.	CCD is unsecured and shall carry coupon of 14% annualised yield (i.e internal rate of return) on the face value.
	Total		83.20		
(v)	**Optionally Convertible Debentures**				
	Hero Solar Energy Private Limited	O2 Power SG PTE Ltd	113.19	The said Debentures are repayable after one year from the date of commissioning of Bhadla-III project.	The debenture is allotted on March 02, 2021 and carries the rate of interest of 0.001% p.a. This transaction is part of sale of SPV Clean Solar Power (Bhainsada) private Limited.
	Total		113.19		
(vi)	**Loan from Related Party**				
	Hero Solar Energy Private Limited	Hero Fincorp Limited	2,234.40	The repayment of the loan is as follows: a) Rs 250 million as bullet repayment at end of 7th month of disbursement i.e. September 07, 2022 b) Rs 250 million as bullet repayment at end of within 3 months from disbursement i.e. May 28, 2022. c) Rs 1,500 million in 18 equal installments of Rs. 83.30 million each per month after moratorium of first 6 months	Unsecured
	Hero Wind Energy Private Limited	Bahadur Chand Investments Private Limited	1,500.00	Repayable after 180 days from the date of disbursement	Unsecured
	Total		3,734.40		
(vii)	**Bank Overdraft**				
	Hero Future Energies Private Limited	Bank Overdraft - HDFC Bank LTD.	447.06	Repayable on demand	Unsecured
		Bank Overdraft - ICICI Bank Ltd	18.58	Repayable on demand	Unsecured
		Bank Overdraft - AXIS BANK LTD.	147.95	Repayable on demand	Unsecured
	Hero Wind Energy Private Limited	Axis Bank Ltd	99.12	Repayable on demand	Unsecured
	Clean Wind Power (Ratlam) Private Limited	Axis Bank Ltd	286.94	Repayable on demand	The facility is secured by first charge on the entire current assets of the subsidiary, present and future; second charge on the entire movable fixed assets of the subsidiary, present and future and corporate gurantee of the company
	Clean Wind Power (Satara) Private Limited	Axis Bank Ltd	38.84	Repayable on demand	The facility is secured by first charge on the entire current assets of the subsidiary, present and future; second charge on the entire movable fixed assets of the subsidiary, present and future and corporate gurantee of the company
	Hero Solar Energy Private Limited	Axis Bank Ltd	149.53	Repayable on demand	Unsecured
	Clean Solar Power (Dhar) Private Limited	Axis Bank Ltd	18.62	Repayable on demand	Secured
	Clean Solar Power (Chitradurga) Private Limited	IDFC First Bank	60.23	Repayable on demand	The facility is secured by way of first pari passu charge on entire current assets and movable fixed assets of the subsidiary.
	Rajkot (Gujarat) Solar Energy Private Limited	Axis Bank Ltd	30.14	Repayable on demand	Secured
	Clean Wind Power (Pratapgarh) Private Limited	Axis Bank Ltd	18.74	Repayable on demand	Unsecured
	Hero Rooftop Energy Private Limited	Axis Bank Ltd	50.09	Repayable on demand	Unsecured
	Clean Solar Power (Gulbarga) Private Limited	Bank Overdraft - AXIS BANK LTD.	6.61	Repayable on demand	Secured

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Bhilwara Green Energy Limited	Bank Overdraft - Axis BANK	32.80	Repayable on demand	The facility is secured by a) a pari passu charge over the entire current assets of the subsidiary, present and future, b) second charge on moveable fixed assets of the subsidiary; and c) corporate guarantee from the company
Clean Solar Power (Tumkur) Private Limited	Bank Overdraft - HDFC BANK LTD.	156.85	Repayable on demand	Secured by a pari passu charge over the current assets
Clean Wind Power(Piploda) Private Limited	Bank Overdraft - Axis BANK	85.57	Repayable on demand	The facility is secured by first charge on the entire current assets of the subsidiary, present and future; second charge on the entire movable fixed assets of the subsidiary, present and future and corporate gurantee of the company
Clean Wind Power (Bableshwar) Private Limited	Bank Overdraft - Axis BANK	100.05	Repayable on demand	Secured by a pari passu charge over the current assets and movable assets of the subsidiary.
Vayu Urja Bharat Private Limited	Bank Overdraft - Axis BANK	398.62	Repayable on demand	Secured by way of first pari passu charge on entire movable fixed assets and current assets of the company both present and future.
Clean Wind Power (Devgarh) Private Limited	Bank Overdraft - Axis BANK	21.16	Repayable on demand	Secured by a pari passu charge over the current assets and movable assets
Total		2,167.49		

(viii) Commercial Papers

Hero Future Energies Private Limited	Commercial papers	1,839.18	Commercial papers will be repaid July 13, 2022 to March 22, 2023.	Unsecured
		1,839.18		

(ix) Term Loan from related parties

Waaneep Solar Private Limited	Jet Infraventure Limited	1.04	Repayable on demand	Unsecured
	Harshok Properties Private Limited	1.74		Unsecured
	Thar Commercial Finance Private Limited	0.64		Unsecured
	Waaree Energies Limited	0.68		Unsecured
Total		4.10		

Total		126,174.86

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Notes on Security Terms:

1 (a) The Term Loan along with interest and other monies are secured by way of equitable mortgage over the entire immovable properties pertaining to company the 10 MW Solar Power Plant, hypothecation over all the movable fixed assets including plant & machinery, machinery spares, tools and documents executed for the acquisition of land, assignment over all of the rights under the project documents including insurance policies, rights, titles, permits, clearances, exclusive charge by way of hypothecation on all current assets pertaining to the 10 MW Solar Power Plant (present & future) including book debts, operating cash flows, receivables, commissions and revenues of all nature, exclusive charge on all the bank accounts including Trust and Retention account and DSRA pertaining to the 10 MW Solar Power Plant.

(b) Terms attached to Compulsory convertible Preference Shares ('CCPS V2'):

During the year ended March 31, 2018 vide NCLT order dated Feb 7, 2018, the Company has issued 33,329,801 compulsory convertible Preference shares (CCPS V2) to holders of CCPS V1 and 123,345,767 CCPS V2 to the equity shareholders of Hero Future Energies private Limited (amalgamated company) of Rs. 100 each fully paid at par as purchase consideration on March 30, 2018. These CCPS V2 are convertible into equity shares at higher of fair market value of equity share of the Company (i) at the time of conversion or (ii) at the time of issuance of CCPS V2.

The CCPS V2 carry cumulative dividend @ 0.001% p.a., the Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
Refer note 43 for further details.

(c) Terms attached to Compulsory convertible Preference Shares ('CCPS V3'):
During the year ended March 31, 2019, the Company has issued 16,829,290 compulsory convertible Preference shares (CCPS V3) to Hero Future Energies Asia Pte Ltd. and 26,573,621 to Hero Futures Energies Global Limited of Rs. 100 each fully paid at par. These CCPS V3 are convertible into equity shares at higher of fair market value of equity share of the Company (i) at the time of conversion or (ii) at the time of issuance of CCPS V3.

The CCPS V3 carry cumulative dividend @ 0.001% p.a., the Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Further, during the year ended March 31, 2020, the Company has issued 2,628,606 Cumulative Compulsorily Convertible Preference Shares ('CCPS V3') at a consideration of Rs 262.86 million to Hero Future Energies Global Ltd. These CCPS have a face value of Rs. 100 each and are fully paid.

(d) Terms attached to Compulsory convertible Preference Shares ('CCPS V5'):

During the year ended March 31, 2020, the Company has issued 38,893,348 Cumulative Compulsorily Convertible Preference Shares ('CCPS V5') at a consideration of INR 3,889.33 million to Abu Dhabi Future Energy Company PJSC-Masdar ('Masdar'). These CCPS have a face value of INR (In Rupees) 100 each and are fully paid.
These CCPS V5 are convertible into equity shares at higher of fair market value of equity share of the Company (i) at the time of conversion or (ii) at the time of issuance of CCPS V5. The CCPS V5 carry cumulative dividend @ 0.001% p.a., The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2021, the Company has issued 7,896,253 Cumulative Compulsorily Convertible Preference Shares ('CCPS V5') at a consideration of Rs 789.63 million to Abu Dhabi Future Energy Company PJSC-Masdar ('Masdar'). These CCPS have a face value of Rs. 100 each and are fully paid.
These CCPS V5 are convertible into equity shares at higher of fair market value of equity share of the Company (i) at the time of conversion or (ii) at the time of issuance of CCPS V5. The CCPS V5 carry cumulative dividend @ 0.001% p.a., The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(2). The facility is secured with first charge by way of emortgage over the entire immovable properties of the Company, over all the movable fixed assets including plant and machinery, machinery spares, tools, spares and accessories of the Project by way of hypothecation, charge on all rights under Project Documents including power purchase agreements insurance policies, rights, titles, permits, approvals, clearances and all benefits incidental thereto of the project, hypothecation on all current assets of the Project (present and future) including book debts, operating cash-flows, receivables, commissions, revenues, first charge on all Project accounts including Trust and Retention account; a pledge of pledged securities and first charge on 100% of the shareholder loan infused as promoter contribution.

(3) The Loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable assets of the project (present & future) including intangibles, goodwill, uncalled capital (present and future) of the subsidiary specific to the project. It includes charge over project documents, Letter of credit, Guarantees and insurance policies in favour of the company as well as on all current assets (present and future) including book debts, operating cash flows, receivables , commissions and revenue of all nature.

It includes pledge of 51% of the equity share capital and 51% of the compulsorily convertible debentures of the subsidiary and DSRA of amount of equivalent to Principal and interest repayment due in 2 quarters is to be maintained.

(4) The facility together with all obligations is secured by way of first ranking security interest , mortgage on all the rights, title, interest in immovable properties including freehold land/ leasehold land together with all structures and appurtenances, on all the tangible movable assets in relation to the project including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets(both present and future), charge over all accounts in relation to the projects including all bank accounts, Trust and Retention account, sub accounts, Debt service Reserve Account, charge over the current assets of the subsidiary both present and future, charge on all revenues and scheduled or unscheduled receivables of the Borrower, book debts, operating cash flows and other commissions and revenues and cash of the subsidiary and all insurance proceeds, both present and future, charge on all intangible assets of the subsidiary including goodwill, intellectual rights, uncalled capital and undertakings in relation to the project, charge and assignment by way of security in all the rights, titles, interest in the project documents including PPAs entered into with state Utilities, guarantees in favour of the subsidiary, clearances, letter of credits, insurance contracts. It also includes security interest by way of pledge of 51% of total equity shares, preference shares, NCDs, OCDs together with all accretions, assignment by way of security interest of 51% of the subordinate loans, unsecured shareholder loan, financial assistance, funds infused by the promoters. The lenders agree that the security may be extended on a pari-passu basis to the extent of an amount not exceeding 550 million of the working capital facilities.

(5) (a) The Loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable properties pertaining to the 120 MW of Wind project of the said subsidiary and project documents as well as on all current assets (present and future) including operating cash flows, receivables, book debts, and revenue of all nature, intangibles, goodwill, undertaking and uncalled capital pertaining to the project of the said subsidiary. It also includes pledge of 51% shares and and Optionally Convertible Cumulative Debentures (OCCD) of the said subsidiary held by Hero Wind Energy Private Limited.

(6) The term loan from YBL and IFC is secured by way of pari-passu charge of hypothecation and mortgage of all movable and immovable properties of the subsidiary and project documents as well as on all current assets (present and future) including operating cash flows, receivables, book debts, and revenue of all nature, intangibles, goodwill, undertaking and uncalled capital pertaining to the project of the subsidiary. It also includes pledge of shares of the subsidiary held by Hero Wind Energy Private Limited representing 51% of the total paid up equity share capital of the subsidiary. Further, it also includes pledge of 100% Compulsorily Convertible Debentures of the subsidiary held by Hero Wind Energy Private Limited.

Per the terms of Loan agreements entered by the subsidiary with IFC & Yes Bank, the subsidiary is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Liabilities to Tangible Net Worth Ratio, creation of security etc in case of non-compliance with any of these covenants, the non-compliance would be treated as event of default giving lender a right to charge either additional interest or recall the loan or both.
As at March 31, 2021, the subsidiary did not meet certain loan covenants requirement with the both the lenders. Accordingly, the subsidiary has reclassified the term loan of Yes bank and IFC from Non- current borrowing to Current borrowing.
As at March 31, 2022, the subsidiary did not meet certain loan related covenant with Yes Bank Limited and the lender has not communicated any waiver with respect to such loan covenant default. Therefore, entire loan balance with respect to Yes Bank Limited has been disclosed as current borrowing.

(7) (a) The Loan is secured by way of first right on immovable properties pertaining project of the subsidiary, hypothecation of all the tangible movable project assets, both present and future, first charge over the book debts, operating cash flows and all current assets, first charge over all the accounts of borrower, first charge on all the intangible assets of the borrower, first charge cum assignment of all rights, titles, benefits under the project documents, letter of credit, Pledge of 51% of the fully paid up share capital, NCD/ CCD/ CCPS/ Preference Shares of the Borrower, in dematerialized form together with all accretions thereon.

(7) (b) The Loan is secured by way of first right on immovable properties pertaining to the subsidiary, hypothecation of all the tangible movable project assets, both present and future, first charge over the book debts, operating cash flows and all current assets, first charge over all the accounts of borrower, first charge on all the intangible assets of the borrower, all right, title and interest of the borrower under the PPA, a first ranking pledge over the pledged shares in favour of the security trustee, which shall rank pari passu with the security interest created over the pledged share in favour of the existing Lenders; a first ranking pledge on pari passu basis, as applicable, charge / assignment by way of hypothecation on 51% of quasi equity instruments considered as Sponsor Contribution for the Project, if any.

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(8) The Non-convertible debentures (unlisted) are secured by way of first ranking and exclusive pledge on the Securities of the SPVs.

(9) Non-convertible debentures (unlisted) are secured by way of first ranking and exclusive pledge on the Securities of the specified SPVs and corporate guarantee given by Hero Solar Energy Private Limited and Hero Future Energies Private Limited.

(10) The Loan amount is secured by way of first charge of hypothecation, mortgage and assignment by way of Indenture Of Mortgage (IOM) of all movable and immovable assets of the project (present & future) including intangibles, goodwill, uncalled capital (present and future) of the subsidiary specific to the project. It includes charge over project documents, Letter of credit, Corporate Guarantee (till perfection of security excluding DSRA) and insurance policies in favour of the subsidiary as well as on all current assets (present and future) including book debts, operating cash flows, receivables, commissions, and revenue of all nature. It includes pledge of 51% of the equity share capital and Optionally Compulsory Convertible Debentures such that the voting right does not fall below 51%. It also includes 51% pledge on shareholder loan given as promotor/ sponsor contribution for the project.

(11) The Loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable properties of the subsidiary including intangible assets and project documents as well as on all current assets (present and future) including book debts, operating cash flows, receivables , commissions and revenue of all nature. It also includes pledge of 30% shares of the subsidiary held by Hero Solar Energy Private Limited. And DSRA of amount of equivalent to Principal and interest repayment due in 3 months is to be maintained.

(12) The Loan is secured with first charge by way of mortgage over the entire immovable properties of the subsidiary, over all the movable fixed assets including plant and machinery, machinery spares, tools, spares and accessories of the Project by way of hypothecation, charge on all rights under Project Documents including power purchase agreements insurance policies, rights, titles, permits, approvals, clearances and all benefits incidental thereto of the project, first charge on book debts, operating cash-flows, receivables, commissions, revenues, first charge on all other bank accounts including Trust and Retention account; and Pledge over Equity Shares representing 51% percent of the Equity Shares of the subsidiary in favour of the Lenders/Security Trustee and corporate guarantee from the holding subsidiary.

(13)The loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable properties of the said subsidiary and project documents as well as on all current assets (present and future) including book debts, operating cash flows, receivables , escrows, commissions, and revenue of all nature, intangibles, goodwill, undertaking and uncalled capital pertaining to the project of the said subsidiary. It also includes assignment by way of security of said subsidiary's right and interests under letter of credit or performance bond provided by counter party pertaining to the project.
It also includes pledge of equity shares to the extent of 51% of the paid up equity share capital, preference share capital, (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any) of the said subsidiary, together with all accretions thereon, such that the Lender has effective pledge on 51% of the controlling interest of the said subsidiary.

(14) The Loan amount including buyers credit is secured by way of first charge of hypothecation and mortgage of all movable and immovable assets of the project (present & future) including intangibles, goodwill, uncalled capital (present and future) of the said subsidiary specific to the project. It includes charge over project documents, Letter of credit, Guarantees and insurance policies in favour of the subsidiary as well as on all current assets (present and future) including book debts, operating cash flows, receivables , commissions and revenue of all nature.

It includes pledge of 51% of the equity share capital of the subsidiary.

(15).The Loan amount is secured exclusively through pledge of 26% investment in form of shares/convertible equity instrument, Shareholder's loan, Promoter contribution of HSEPL.

(16) The Loan amount is secured exclusively through
1. Cash flows from "Surplus account" of all SPV'sunder international bond issued by Renewable Power (Mauritius) Pte. Ltd.
2. The Loan amount is secured exclusively through hypothecation of shareholder loan given by HFEPL to the subsidiary and pledge of 30% of shareholding in clean wind power Devgarh private limited required to maintain security cover of 1.5X.
3. Unconditional & Irrevocable Corporate Guarantee of HFEPL.

(17) (a) The 10.13% non-convertible debentures (unlisted) are secured by way of first ranking and exclusive pledge on the Securities of the specified SPVs along with 23% equity share of the subsidiary and corporate guarantee given by Hero Solar Energy Private Limited and Hero Future Energies Private Limited.

(b) The 10.50% debentures are secured by a first ranking exclusive pledge over approximately 12.50% of equity shares and 49% of preference shares of the subsidiary,
(i) a first ranking exclusive charge by hypothecation of all receivables and any other amounts received or receivables by the subsidiary in connection with the loan advanced by the subsidiary aggregating to the extent of Rs. 320 million to Clean Wind Power (Bhavnagar) Private Limited, and unconditional and irrevocable guarantee by promotor for due discharge of all amounts payable in relation to the debentures till final maturity date of debentures.
(ii) a first ranking exclusive pledge over 26% of equity shares of Bhilwara Green Energy Limited, a first ranking exclusive charge by hypothecation of the loans and advances provided by the Company to Clean Wind Power (Bhavnagar) Private Limited and unconditional and irrevocable guarantee by promotor for due discharge of all amounts payable in relation to the debentures till final maturity date of debentures.

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18 Trade payables

	As at March 31, 2022	As at March 31, 2021
Trade payables		
- Outstanding dues to micro and small enterprises*	21.72	26.41
- Outstanding dues to parties other than micro and small enterprises	2,179.21	1,922.19
	2,200.93	1,948.60

*These have been identified by the Group from the available information which has been relied upon by the auditors.
For explanations on the Company's credit risk management processes, refer to note 41.

Trade payables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises	12.11	8.54	1.07	-	-	-	21.72
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises	1,099.77	276.20	730.55	1.57	18.23	14.02	2,140.34
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	36.28	-	0.80	-	1.34	0.45	38.87
Total	1,148.16	284.74	732.42	1.57	19.57	14.47	2,200.93

Trade payables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises	8.10	15.51	2.80	-	-	-	26.41
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises	924.29	561.84	280.63	104.94	7.55	14.80	1,894.05
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	28.14	-	-	-	-	-	28.14
Total	960.53	577.35	283.43	104.94	7.55	14.80	1,948.60

19 Other Financial Liabilities

	As at March 31, 2022	As at March 31, 2021
Non- current		
Security deposit	2.45	2.55
Derivatives not designated as hedges:		
- Currency and interest rate swaps	-	83.97
Payables for property, plant and equipment and intangible asset	-	27.50
Interest accrued but not due on others	0.51	-
Other payable	0.68	1.16
	3.64	115.18
Current		
Derivatives not designated as hedges:		
- Currency and interest rate swaps	64.97	-
Interest accrued on borrowings	695.65	706.24
Interest accrued on loan from related parties (refer note 34)	38.09	7.08
Payables for property, plant and equipment and intangible asset	2,734.33	2,784.33
Other payable	364.67	836.42
	3,897.71	4,334.07
Total	3,901.35	4,449.25

Breakup of financial liabilities at amortised cost:	As at March 31, 2022	As at March 31, 2021
Borrowings (Refer note 17)	126,174.86	109,577.52
Trade payables (Refer note 18)	2,200.93	1,948.60
Other financial liabilities (Refer note 19)	3,836.38	4,365.28
	132,212.17	115,891.40

Breakup of financial liabilities measured at fair value through Profit & loss		
Derivatives not designated as hedges:		
- Currency and interest rate swaps - current	64.97	83.97
	64.97	83.97

20 Other liabilities

	As at March 31, 2022	As at March 31, 2021
Non- current		
Deferred revenue (Refer note 52)	1,748.86	-
Deferred government grant (Refer note 45)	1,305.95	1,285.03
Operation and maintenance equalisation reserve	565.51	660.52
	3,620.32	1,945.55
Current		
Deferred revenue (Refer note 52)	81.66	-
Deferred government grant (Refer note 45)	108.23	95.60
Advance from customers	118.35	14.91
Statutory dues	164.76	116.43
Operation and maintenance expense equalisation reserve	115.79	109.92
Other Payables	37.33	7.71
	626.12	344.57
Total	4,246.44	2,290.12

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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

21 Provisions

	As at March 31, 2022	As at March 31, 2021
Non- current		
Provision for employee benefits:		
- Provision for gratuity (Refer note 35)	5.27	12.92
- Provision for compensated absences	47.89	62.19
Others		
Provision for decommissioning cost	107.50	121.05
	160.66	196.16
Current		
Provision for employee benefits:		
- Provision for gratuity (Refer note 35)	0.37	1.04
- Provision for compensated absences	2.87	5.27
Provision for employee stock option plan (Refer note 48)	259.84	387.07
Provision for onerous contract*	22.75	22.75
	285.83	416.13

*Provision against bank guarantee provided to Solar Energy Corporation of India Limited "SECI"

22 Liabilities for current tax (net)

	As at March 31, 2022	As at March 31, 2021
Liabilities for current tax (net of advance tax)*	10.71	5.25
	10.71	5.25
* Net of advance tax	-	-

23 Revenue from operations

	Year ended March 31, 2022	Year ended March 31, 2021
Type of goods or service		
Sale of electricity	13,552.02	12,801.38
Less: Rebate and Discounts	(72.62)	(78.65)
Sale of electricity (net of rebate and discounts)	13,479.40	12,722.73
Sale of rooftop solar plant	770.53	185.05
Incentive under generation based incentive scheme	407.30	353.92
Sale of Services		
Operation and maintenance fees	6.45	3.72
Other operating revenue		
Sale of Carbon Credit	137.82	23.56
Total revenue from operations	14,801.50	13,288.98

Performance Obligation

Sale of Electricity

The Group considers the power supplied under PPAs to be a distinct performance obligation and the sale of power to be series of distinct goods that are substantially the same and have the same pattern of transfer to the customer. The Group has therefore determined that the sale of power meets the revenue recognition criteria to be recognised over time.

Disaggregation of Revenue

The Group derives its revenue from a single stream of revenue and from the transfer of electricity over time for each unit of electricity sold.

24 Other Income

	Year ended March 31, 2022	Year ended March 31, 2021
Fair value gain on financial instruments measured at fair value through profit and loss	0.62	3.84
Gain on sale of mutual funds	2.96	8.74
Interest income on fixed deposits	110.14	246.38
Interest income on income tax refund	16.68	84.55
Interest income on loan to related parties	133.85	10.63
Less: Provision for interest income on loan to related parties	(133.85)	-
Unwinding of discount on deposits	5.81	5.11
Amortisation of deferred government grant (Refer note 45)	93.96	80.29
Amortisation of deferred revenue (Refer note 52)	49.79	-
Gain on loss of control of subsidiary (Refer note 42)	-	118.25
Mark to market gain on derivative instruments	306.28	-
Balances and Provision written back	138.41	43.14
Profit on disposal/ sale of Property, Plant & Equipment	-	20.20
Insurance claim received	91.96	84.28
Interest income on Receivable from government authorities	104.32	-
Bank Guarantee Refund	-	46.68
Miscellaneous income	52.13	105.90
Exchange fluctuation (net)	-	143.82
	973.06	1,002.01

25 Cost of material consumed

	Year ended March 31, 2022	Year ended March 31, 2021
Cost of materials consumed	660.82	127.97
	660.82	127.97

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Notes to the Consolidated Financial Statements
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

26 Employee benefit expenses

	Year ended	
	March 31, 2022	March 31, 2021
Salaries, wages and bonus	753.57	600.90
Contribution to provident and other funds (Refer note 35)	29.59	27.65
Gratuity expense (Refer note 35)	22.08	17.67
Staff welfare expenses	7.44	5.00
	812.68	651.22

27 Finance cost

	Year ended	
	March 31, 2022	March 31, 2021
Interest expense on financial liabilities measured at amortised cost:		
Interest on debts and borrowings banks and financial institutions	5,704.26	8,316.60
Interest on Onshore ECB Bonds (Refer note 34)	2,396.13	-
Interest accretion on Cumulative Compulsorily Convertible Preference Share	2,087.64	1,889.60
Interest on loan from related parties (Refer note 34)	396.38	380.44
Interest on compulsory convertible debenture	28.91	25.59
Interest on non convertible debenture	526.99	552.58
Interest accretion on lease liability	43.26	51.96
Other finance costs	178.33	799.76
Total interest expense	11,362.10	12,016.53

28 Depreciation and amortisation expense

	Year ended	
	March 31, 2022	March 31, 2021
Depreciation of tangible assets	3,270.42	4,159.09
Amortisation of intangible assets	156.13	96.59
	3,426.55	4,255.68

28A Impairment of Assets

	Year ended	
	March 31, 2022	March 31, 2021
Impairment of Property, plant & equipment (refer note 3)	-	104.23
Impairment of Goodwill (refer note 5)	-	145.26
Impairment of Capital work-in-progress (refer note 4)	99.72	304.02
	99.72	553.51

29 Other expenses

	Year ended	
	March 31, 2022	March 31, 2021
Operation and maintenance expenses*	1,102.05	1,032.75
Legal and professional expense	294.97	302.21
Exchange fluctuation expense (net)	321.64	-
Balances written-off	-	3.06
Rent, rates and taxes	115.15	105.50
Travelling and conveyance	74.57	61.51
Erection and commissioning expenses	73.54	-
Power and fuel	76.70	108.83
Management Fees	66.61	59.06
Insurance	178.83	171.50
Provision for doubtful debts and advances	295.67	149.01
Brokerage and commission	13.37	16.01
Advertisement and sales promotion	14.57	7.83
Liquidated Damage Charges	-	206.70
Mark to market loss on derivative instruments	-	226.01
Repair and maintenance	60.01	73.77
Director sitting fees	7.29	5.03
Fair value loss on Financial instruments measured at fair value through profit or loss (Refer Note 55)	69.94	-
Provision for shortfall in generation	15.80	24.66
Deviation Settlement Charges	52.37	50.50
Vendor settlement expenses (Refer Note (a) below)	121.12	-
Fair value loss on asset held for sale (Refer Note 4(b) and Note (a) below)	125.16	-
Loss on disposal of Property, Plant and Equipment	26.10	-
Miscellaneous expenses	121.16	128.70
	3,226.62	2,732.64

* Includes operation and maintenance equalisation reserve recognised over life of the Operation & maintenance contract

(a) In one of the subsidiary "Clean Solar Power (Sirsa) Private Limited", under a proposed settlement with land aggregator, the subsidiary is required to compensate for expenditure incurred by land aggregator under the contractual terms of an earlier arrangement, amounting Rs. 121.11 million.
Further, the Subsidiary has also decided to sell its 65.86 acres of land to that land aggregator at an agreed price of Rs. 21.34 million accordingly, said land has been classified as asset held for sale as at March 31, 2022 and a fair value loss of Rs. 61.24 million has been recognized in the statement of profit and loss account during the current year.

30 Tax expense

	Year ended	
	March 31, 2022	March 31, 2021
Current tax	245.24	25.64
Adjustment of tax relating to earlier periods	5.51	(10.03)
Deferred tax	462.68	(613.63)
	713.43	(598.02)

31 Other Comprehensive Income

	Year ended	
	March 31, 2022	March 31, 2021
Re-measurement gains/ (losses) on defined benefit plans	42.80	6.29
Income Tax Effect	(7.85)	(1.45)

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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

32 Deferred Tax

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021 as follows:

	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax	(4,955.36)	(6,046.56)
Applicable tax rate	26.00%	26.00%
Computed Tax Expense	(1,288.39)	(1,572.11)
Difference in tax Rates	17.75	39.49
Non-deductible expenses for tax purposes	972.27	203.64
Effect of income that are not taxable in determining taxable profit	(4.50)	(13.78)
Effect on tax due to reassessment of temporary differences reversing under tax holiday period	330.19	(384.40)
Adjustments recognised in the current year in relation to the reversal of MAT credit entitlement and change in tax rate during the current year	-	(9.36)
Deferred tax asset/ liability not recognised *	387.42	777.94
Interest accretion on CCPS	340.88	314.62
Others	(42.19)	45.94
Income tax charged to Consolidated Statement of Profit & Loss	713.43	(598.02)

* In case of subsidiary, Vayu Urja Bharat Private Limited, As per clause 2.4 of the Power purchase agreement (PPA) , the Income Tax/MAT is a pass through and to be paid by the Distribution Licensee (Discom) to the Developer (the subsidiary) upon receipts of claim from the subsidiary. Since, the subsidiary has right to recover such tax expense from DISCOM, hence deferred tax asset of Rs 87.28 million (March 31, 2021 deferred tax liability of Rs 361.94 million) is not recognised in the consolidated financial statements.

(i) On periodical basis, the Company reassess its projected taxable profits during the tax holiday period based on current year actual performance and other external factors impacting the projected project performance. Based on revised projections, the Company has reassessed its deferred tax and and its impact thereon.

(ii) Deferred tax assets and liabilities have been offset where they arise in the same taxing jurisdiction with a legal right to offset but not otherwise. Accordingly the net deferred tax (assets)/liability has been disclosed in the Balance Sheet as follows :

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	997.12	1,219.16
Deferred tax liabilities	(1,536.21)	(1,287.72)
Net Deferred tax assets/ (liabilities)	(539.09)	(68.56)

b) Component of Deferred tax Assets/liabilities (net):

As on March 31, 2022

Significant components of deferred tax asset/(liabilities)	Opening Balance as on April 01, 2021	Charged / (credited) to Statement of profit and loss	Charged / (credited) to OCI	Charged / (credited) directly in Equity	Closing Balance as on March 31, 2022
Carry forward tax loss and Unabsorbed depreciation	7,261.98	(878.60)	-	-	8,140.58
Lease liability	126.89	16.16	-	-	110.73
Higher depreciation and amortization for tax purposes	(6,947.63)	2,082.36	-	-	(9,029.99)
Right to use assets	(127.18)	(23.13)	-	-	(104.05)
Effective interest rate adjustments for borrowings	33.65	(22.85)	-	-	56.50
Operation and maintenance equalisation reserve	156.80	(0.06)	-	-	156.86
Others	117.48	(31.30)	9.27	-	139.51
Fair Value of Investment in subsidiaries	0.71	(16.30)	-	-	17.01
Equity component of compound financial instruments	(396.46)	(201.95)	-	-	(194.51)
Deferred Government Grant	113.47	(330.49)	-	-	443.96
Provision for Employee Stock Option Plan	100.64	33.08	-	-	67.56
Minimum alternative tax credit entitlement [refer note (a) below]	469.01	(230.17)	-	-	699.18
Total	909.36	396.75	9.27	-	503.34
Not recognised	(831.67)	153.21	(1.42)		(983.46)
Reversal on account of recoverable of future tax liability from customer as per terms of PPA	(146.25)	(87.28)	-	-	(58.97)
Deferred Tax Assets/(Liability) net	(68.56)	462.68	7.85	-	(539.09)

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(All amounts are in Indian Rupees (In millions), unless otherwise stated)

As at March 31, 2021

Significant components of deferred tax asset/(liabilities)	Opening Balance as on April 01, 2020	Charged / (credited) to Statement of profit and loss	Charged / (credited) to OCI	Charged / (credited) directly in Equity	Closing Balance as on March 31, 2021
Carry forward tax loss and Unabsorbed depreciation	4,858.13	(2,403.85)	-	-	7,261.98
Lease liability	152.36	25.47	-	-	126.89
Higher depreciation and amortization for tax purposes	(5,273.37)	1,674.26	-	-	(6,947.63)
Right to use assets	(158.73)	(31.55)	-	-	(127.18)
Effective interest rate adjustments for borrowings	(41.16)	(74.81)	-	-	33.65
Operation and maintenance equalisation reserve	157.88	1.08	-	-	156.80
Optionally Cumulative Convertible Debentures			-	-	-
Others	27.69	(95.10)	5.31	-	117.48
Fair Value of Investment in subsidiaries	-	(0.71)			0.71
Equity component of compound financial instruments	(530.00)	(181.54)	-	48.00	(396.46)
Deferred Government Grant	143.71	30.24	-	-	113.47
Provision for Employee Stock Option Plan	100.64	-	-	-	100.64
Minimum alternative tax credit entitlement [refer note (a) below]	471.85	2.84	-	-	469.01
Total	(91.00)	(1,053.67)	5.31	48.00	909.36
Not recognised	(757.14)	78.39	(3.86)	-	(831.67)
Reversal on account of recoverable of future tax liability from customer as per terms of PPA	215.40	361.65			(146.25)
Deferred Tax Assets/(Liability) net	(632.74)	(613.63)	1.45	48.00	(68.56)

(a) The Group has recognized an asset of Rs 699.18 million (March 31, 2021: Rs 469.01 million) as "MAT credit entitlement" . It represents that portion of MAT liability which can be set off in subsequent years based on provisions of Income Tax Act 1961. The management based on future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the company to utilize MAT credit assets.

(b) In cases where the timing differences are reversing within the tax holiday period under the provisions of section 80-IA of the Income Tax Act, deferred tax has not been recognised on those differences.

(c) As of March 31, 2022, the Group has not recognised deferred tax assets of Rs. 983.46 million (2021: Rs. 831.67 million) primarily due to the carry forward losses and unabsorbed depreciation.
Certain subsidiaries of the Group have not recognised deferred tax assets on losses and unabsorbed depreciation in absence of reasonable certainty that future profits will be available. Under Income Tax Act, Business Losses are allowed to be carried forwarded for a period of 8 years, while unabsorbed depreciation can be carried forwarded indefinitely. Below is the summary of expiry of losses/unabsorbed depreciation on account of which no deferred tax asset has been recognised by the Group.

Financial year of expiry	As at March 31, 2022	As at March 31, 2021
FY 2024-25	0.26	0.29
FY 2025-26	36.84	153.31
FY 2026-27	750.53	467.21
FY 2027-28	824.43	621.96
FY 2028-29	502.14	691.47
FY 2029-30	513.75	-
Indefinite- Unabsorbed Depreciation	1,333.91	1,054.79
	3,961.86	2,989.03

(d) Certain subsidiaries of the group have undistributed retained earnings, which if distributed out as dividend would result in tax liability of group. Keeping in view that, no profit is proposed to be distributed in the immediate future by way of dividend out of such undistributed retained earnings, no deferred tax liabilities has been recognised.

33 Earnings per share (EPS)

	Year ended March 31, 2022	Year ended March 31, 2021
Loss attributable to the equity holders of the parent	(5,668.79)	(5,448.54)
Add: Interest accretion on Cumulative Compulsorily Convertible Preference Share	2,087.84	1,889.60
	(3,580.95)	(3,558.94)
Weighted average number of equity shares for basic and diluted EPS*	1,043,710,600.78	1,043,710,600.78
Basic and diluted earnings per share (face value RS. 10 per share)	(3.43)	(3.41)

*Inclusive of Compulsorily Convertible Preference Share as those shares are issuable solely after the passage of time and are not contingently issuable shares, because the passage of time is a certainty.

For the purpose of EPS computation, management has assumed that Compulsorily Convertible Preference Share (CCPS) shall be converted at fair market value of shares at the time of issuance, as the number of shares that will be issued are based on the fair market value at the time of conversion or at the time of issuance of CCPS, whichever is higher.

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34 Related Party Disclosures

a) List of related parties

Name of Related Party	Nature of relationship
Bahadur Chand Investments Private Limited	Enterprises having control
Brijmohan Lal Om Prakash, Partnership Firm	Ultimate Holding Entity
BM Munjal Energies Private Limited	Ultimate Holding Company
Hero Future Energies Global Limited, UK	Intermediate Holding Company
Hero Future Energies Asia Pte. Limited, Singapore	Holding Company
Hero Fincorp Limited	Enterprises, Key Managerial Personnel of which is able to exercise significant influence over the Company
Hero Motocorp Limited	
Hero Future energies Limited Employees Group Gratuity Trust	
Clean Renewable Power (Mauritius) Pte Ltd	Fellow Subsidiary Company
Clean Solar Power Eastern Europe Limited	
Rahul Munjal- Chairman & Managing Director	Key Management Personnel
Renu Munjal- Director	
Abhimanyu Munjal- Director	
Vivek Mehra- Independent Director	
Rajesh Puri - Director	
Osama Abdullatif A Alothman- Nominee Director (Resigned w.e.f April 19, 2022)	
Lubomir Georgiev Varbanov- Nominee Director (Resigned w.e.f March 18, 2022)	
Srivatsan Srinivas Iyer- Chief Executive Officer (w.e.f January 31, 2021)	
Sunil Jain- Chief Executive Officer (upto January 31, 2021)	
Mayur Maheshwari- Company Secretary	

b) Transactions with related parties

Name of Related Party	Relationship	Nature of Transaction	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Hero Fincorp Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	Interest Paid on Loan	365.94	372.93
		Loan Repaid	2,750.00	3,550.00
		Loan Received	2,500.00	4,050.00
		Processing Fees Paid	25.00	14.67
Hero Motocorp Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	Sales of rooftop & Installation & Commissioning	39.10	106.48
		Operation & Maintenance Fees	2.70	1.71
Hero Future Energies Asia Pte. Limited	Holding Company	Issue of Equity Shares	-	0.01
Bahadur Chand Investments Private Limited	Enterprises having control	Loan Repaid	1,500.00	1,000.00
		Loan Received	3,000.00	1,000.00
		Interest Paid on Loan	30.44	7.51
Clean Solar Power (Eastern Europe) Limited	Fellow Subsidiary Company	Loan Given	2,564.34	1,446.53
		Loan repaid	1,018.52	-
		Interest income #	133.85	10.63
Clean Renewable Power (Mauritius) Pte Ltd	Fellow Subsidiary Company	Interest on ECB Bond*	2,390.98	-
		Repayment of ECB Bond	236.77	-
		Onshore ECB Bond Received **	26,897.59	-

* Net of ammortisation of Discount

** Net of discount

Provision has been created on the interest income during the year.

c) Closing Balance of related parties

Name of Related Party	Relationship	Nature of Transaction	As at March 31, 2022	As at March 31, 2021
Hero Fincorp Limited***	Enterprises, Key Managerial Personnel of which is able to exercise significant influence over the Company	Payable on account of interest on loan	7.71	7.06
		Payable on account of loan	2,250.00	2,500.00
Bahadur Chand Investment Private Limited	Enterprises having control	Loan Payable	1,500.00	-
Hero Future energies Limited Employees Group Gratuity Trust	Enterprises over which key management personnel and their relatives able to control	Contribution to gratuity trust fund	69.23	59.85
Hero Motocorp Limited	Enterprises owned or significantly influenced by KMP	Receivables	4.19	2.06
		Other Payable	1.02	-
Hero Future Energies Asia Pte. Limited	Holding Company	Other Receivables	0.12	0.12
		Compulsorily convertible Preference shares	1,682.93	1,682.93
Hero Future Energies Global Ltd.	Intermediate Holding Company	Compulsorily convertible Preference shares	2,920.22	2,920.22
Clean Solar Power (Eastern Europe) Limited	Fellow Subsidiary Company	Loan receivable	2,992.35	1,446.53
		Interest receivable##	144.47	10.63
Clean Renewable Power (Mauritius) Pte Ltd	Fellow Subsidiary Company	Onshore ECB Bond	25,962.37	-
		Interest accrued on ECB Bond	30.38	-

*** The closing balance of related parties is excludes the Ind AS adjustment with regards to processing fees.

Provision has been created on the interest receivable during the year.

d) Compensation of Key management personnel of the Company

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Short-term employee benefits*	234.45	127.16
Reimbursement of expense (per diem)	-	13.29
Director Sitting Fees and consultancy fees	8.58	2.88
Total compensation paid to key management personnel	243.03	143.33

*All the liabilities for post retirement benefits being 'Gratuity', 'Leave encashment', 'Pension fund' are provided on actuarial basis for the Company as a whole, the amount pertaining to Key management personnel are not included above.

As At March 31, 2022, total payable to key management personnel is Rs 274.05 million (March 31, 2021 Rs 251.77 million)

e) Other transactions with Related Party

During the year ended March 31, 2020, the Company has availed Standby letter of credit (SBLC) facility from Indusind Bank, New Delhi. Indusind Bank, New Delhi in turn issued SBLC in favour of Indusind Bank, IBU Unit, Gandhinagar for providing loan facility to CSP (Eastern Europe). The SBLC facility as on March 31, 2022 is Rs. Nil million (March 31, 2021 : Rs. 1,380 million).

f) Terms and conditions of transactions with related parties

All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except the interest bearing loan and settlement occurs in cash. There have been no guarantees provided or received for any related party payables/receivables on a consolidated basis.

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35 Gratuity and other post-employment benefit plans

a) Defined contribution plans

The Group makes contribution towards provident fund/ pension fund. Under the scheme, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to the defined contribution scheme. The Group has recognized Rs. 29.31 million (March 31, 2021: Rs. 27.65 million) during the year as expense towards contribution to the plan.

	Year ended	
	March 31, 2022	March 31, 2021
Provident fund	29.59	27.65
Total	29.59	27.65

b) Defined benefit plans

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Group is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each year of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

i) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

c) The following tables summarize the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the defined benefit plan

	As at March 31, 2022 Gratuity (Funded)	As at March 31, 2021 Gratuity (Funded)
Change in benefit obligation		
1 Present value of obligation as at the beginning of the year	72.60	62.81
2 Add: Current service cost	21.77	17.44
3 Add: Past service cost	-	-
4 Add: Interest cost	4.75	4.30
5 Add: Actuarial (gain) / loss	(42.27)	(2.11)
6 Less: Benefits paid	(6.10)	(9.84)
Present value of obligation as at the end of the year	50.75	72.60

d) The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	Year ended	
	March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
Cost for the year included under employee benefit		
Add: Current service cost	21.77	17.44
Add: Past service cost	-	-
Add: Interest cost	4.75	4.30
Less: Investment Income	(4.44)	(4.07)
Net cost	22.08	17.67

e) Changes in the fair value of the plan assets are as follows:

	Year ended	
	March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
Fair value of plan assets at the beginning	67.77	59.52
Add: Investment income	4.44	4.07
Add: Expected return on plan assets	0.53	4.18
Fair value of plan assets at the end	72.74	67.77

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Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Notes to the Consolidated Financial Statements
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

f) Detail of actuarial gain/loss recognised in OCI is as follows:

		Year ended	
		March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
1	Actuarial gain / (loss) for the year - obligation	42.27	2.11
2	Actuarial gain / (loss) for the year - plan assets	0.53	4.18
3	Total gain / (loss) for the year	42.80	6.29
4	Actuarial gain / (loss) recognised in the year	42.80	6.29

g) Principal actuarial assumptions at the balance sheet date are as follows:

	Year ended	
	March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
Economic assumptions		
1 Discount rate	6.90%	6.55%
2 Rate of increase in compensation levels	10%	14%
Demographic assumptions		
1 Expected average remaining working lives of employees (years)	25.37	26.19
2 Retirement Age (years)	60.00	60.00
3 Mortality Table	Indian Assured Lives Mortality (2012-14) (modified) ultimate	Indian Assured Lives Mortality (2012-14) (modified) ultimate
Withdrawal Rate		
1 Ages up to 30 Years	5.44%	3.24%
2 Ages from 31-44	14.29%	10.05%
3 Above 44 years	1.02%	1.94%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

h) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

	Year ended	
	March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
Present value of obligation	50.75	72.60
Less: Fair value of plan assets	(72.74)	(67.77)
Net (assets) / liability	(21.99)	4.83

i) A quantitative sensitivity analysis for significant assumption as is as shown below:

	Year ended	
	March 31, 2022 Gratuity (Funded)	March 31, 2021 Gratuity (Funded)
A. Discount rate		
Effect on DBO due to 1% increase in Discount Rate	45.54	63.08
Effect on DBO due to 1% decrease in Discount Rate	56.84	84.14
B. Salary escalation rate		
Effect on DBO due to 1% increase in Salary Escalation Rate	56.60	83.20
Effect on DBO due to 1% decrease in Salary Escalation Rate	45.63	63.57
C. Withdrawal Rate		
Effect on DBO due to 50% increase in Withdrawal Rate	48.04	61.76
Effect on DBO due to 50% decrease in Withdrawal Rate	55.30	90.35

j) Maturity profile of defined benefit obligation is as follows:

	As at March 31, 2022 Gratuity (Funded)	As at March 31, 2021 Gratuity (Funded)
1 year	3.32	4.62
2 to 5 years	11.72	9.62
6 to 10 years	13.21	13.73
More than 10 years	98.21	193.70

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36 Leases

The Group has lease contracts for land, office premises and other equipment. Leases of office premises and other equipment generally have a lease term between 3 to 9 years, while land generally has lease term between 21 to 25 years. The Group's obligation under its leases are secured by the lessor's title to the lease assets. The Group has considered extension terms as part of assessing the length of the lease. The right-of-use assets have been disclosed within property, plant and equipment

Carrying amounts of right-of-use assets recognised and the movements during the period is disclosed in Property, Plant & Equipment (Refer note 3)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Amount
As At April 1, 2020	614.01
Additions	40.29
Accretion of Interest	51.96
Payments	(78.06)
Impact of Discount rate change	(8.99)
Lease rent concession	(11.36)
Liability written off	(69.45)
Adjustment on account of loss of control of subsidiary	(35.96)
As At March 31, 2021	502.44
Accretion of Interest	43.26
Payments	(57.92)
Liability written off	(69.24)
As At March 31, 2022	418.54

	As at March 31, 2022	As at March 31, 2021
Current	39.60	41.11
Non- Current	378.94	461.33

The maturity analysis of lease liabilities are disclosed in Note 41.

The effective interest rate for lease liabilities is between 9.00%- 9.35% with maturity between year 2021-2045

The following are the amounts recognised in Profit & Loss account:

	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation	53.68	65.59
Interest expense on lease liabilities	43.26	51.96
Expense relating to short- term leases and low value assets(included in other expenses)	22.44	45.26
	119.38	162.81

The Group had total cash outflows for leases of Rs. 80.36 million during the year ended March 31, 2022 (March 31, 2021 Rs. 123.32 million).

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37 Commitments and Contingent Liabilities

a. Commitments

(i) As at March 31, 2022, the group has capital commitment pertaining to construction of wind and solar energy projects and estimates it will incur (net of advance) amounting to Rs. 565.81 million (March 31, 2021 Rs. 5,744.27 million).

(ii) The various subsidiaries of the Group have entered in to long term Power Purchase Agreements ('PPA') ranging from 13 to 25 years from the respective date of commissioning with various Discoms and private parties wherein the said subsidiaries have committed to sell and Discoms & private parties have committed to purchase entire generation from installed capacity.

b. Contingent Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Bank guarantee outstanding	958.97	855.61
Corporate guarantee	-	1,380.00
Letter of credit/Buyers credit	254.25	143.97
Viability Gap Funding	1,643.10	1,382.80
Income Tax matters	0.22	0.22
Indirect tax matters	108.92	223.53
Total	2,965.46	3,986.13

Bank guarantees have been provided as a security to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts or commercial arrangements.

Corporate guarantees have been furnished to project finance lenders against loans availed by the Group.
Letter of credit/Buyer's credit represents financing arrangements for purchase of capital assets which are to be settled out of loans pending disbursements.
Viability gap funding represents the amount already received which the government agencies can demand repayment of in case the project fails to generate power for a long period of time.

c. Other Legal Proceedings

General
The Group is involved in legal suits/ matters filed by or against its group entities involving various matters such unfavourable changes in terms operational matters by various government authorities, delay in commissioning in consequential impact, supplier and customer related claims/ counter claims etc. The Group is contesting all such cases and the management believes that they have a good case on merits. The group has concluded that it is only possible, but not probable that the actions of the various third parties will succeed. Accordingly, no additional provision has been made in these financial statements.

(i) Project Related
(i) Waaneep Solar Private Limited (Waaneep) having net block of Property, Plant & Equipment of Rs 4,292.26 million and Vayu Urja Bharat Private Limited (Vayu Urja) having net block of Property, Plant & Equipment of Rs. 7,918.47 million, involved in litigation with Southern Power Distribution Company of Andhra Pradesh Limited ('APDISCOM') regarding the tariff rates. The PPAs for the Waaneep and Vayu Urja Bharat projects were entered into in December 2014 and July 2016.

On July 1, 2019, State Government issued an order allowing DISCOMs to challenge PPA tariff rates agreed by the previous government. As a result, APDISCOM issued a letter to Waaneep and Vayu Urja on July 12, 2019, requesting a 50% reduction in the tariff rate applied to the PPAs. In response, the companies filed the appeal petitions in the High Court of Andhra Pradesh and, ultimately, vide judgment dated March 15, 2022 High Court has allowed the Vayu Urja appeal by holding that Andhra Pradesh Electricity Regulatory Commission ("APERC") has no jurisdiction to decide the constitutional validity of Regulation 1 of 2015 and the High Court vide said common order dated March 15, 2022 has allowed Waaneep's appeal too and directed APDISCOM to make payment of outstanding arrears at PPA tariff within 6 weeks and to make payment of future invoices at the PPA tariff accordingly APDISCOM is required to clear all outstanding dues of these companies at PPA tariff.

Subsequently, APDISCOM has filed an appeal against the AP High Court judgment dated 15th March 2022 before the Hon'ble Supreme Court. Further, APDISCOM has also filed an application before the AP High Court seeking 1 year time to make payment. Both matters are yet to be listed.

Since the AP High Court has pronounced a well-reasoned judgment for payment of full PPA tariff, the Management believes that the possibility of the Hon'ble Supreme Court setting aside the said AP High Court Judgment is remote and therefore no adjustment is required in the carrying value of PP&E and Trade receivables.

Separately, on August 31, 2019, Vayu Urja obtained a favourable order from APERC to receive full payment at the original PPA tariff rates in monthly instalments. As APDISCOM has failed to make payment of invoices due from November 2020 to November 2021 Vayu Urja has filled a fresh petition before APERC for payment of outstanding amount from APDISCOM. On June 22, 2022, APERC has directed APDISCOM to pay Rs. 350 million by July 15, 2022. The case is listed for hearing on July 27, 2022. APDISCOM has made payment of Rs. 150 million as on date in compliance of aforesaid order dated June 22, 2022.

Vayu Urja also got a favourable order from APERC for payment of our outstanding GBI and CUF amounts of Rs 705.40 million within 6 weeks. As APDISCOM has not made any payment, Vayu Urja has filed an Interim Application before Hon'ble Supreme Court for seeking payment direction for Rs 705.40 million. The matter is yet to listed for hearing.

(ii) One of the subsidiary namely, Clean Solar Power (Tumkur) Limited, in May 2016, having net block of Property, Plant & Equipment of Rs. 9,821.19 million as March 31, 2022, entered nine PPAs with various government distribution companies for the sale of 100% of the output of a proposed 180 MW solar power plant (each company agreeing to take 20 MW each) for a period of 25 years. Per the PPAs, the plant was due to be commissioned between May and October 2017 with a maximum extendable delay up to February 9, 2018. Delays during this period to February 2018 would incur penalties (fixed rate per kWh/day of power not commissioned). If the project was still not commissioned at February 9, 2018 then the PPA would be terminated. 140 MW of power capacity was commissioned subject to delays (the other 40 MW was commissioned without delay).

In addition, under the PPAs, if there is a change in the applicable tariff rates during a period of commissioning delay, the revised tariff will be applicable to the project. In April 2017, the Karnataka Electricity Regulatory Commission ('KERC') announced a revised applicable tariff of Rs. 4.36 per kwh would be applicable on PPA's subject to commissioning delays, which represented a reduction in tariff rates on the project by between 7% and 10%. Projects subject to commissioning delays are also liable to pay liquidated damages to the respective distribution companies.

In the case of seven of the nine plants (the other two were commissioned without delay), the government distribution companies are releasing payment against invoices raised but reflecting the revised tariff of Rs. 4.36 per kWh.

Management believes, based on external legal opinions, that the delays in commissioning were outside of their control, including factors such as connectivity issues and other force Majeure events. The Group believes these are force majeure events and that the Group is legally entitled to a valid extension of the commissioning date, which would not result in a reduction in the tariff rates or the levy of material penalties. However, on prudence a provision has been recorded for the liquidated damages of Rs. 313.90 million till March 31, 2022.

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Under the PPA, Clean Solar Power (Tumkur) Private Limited is also required to generate a minimum energy ranging from 20.03 to 29.00 million units from each projects during a contracted year. Non-compliance will result in the company being liable to pay compensation, computed at a rate equal to the compensation payable by the respective DISCOMs, subject to a minimum of 25% of the applicable tariff. The subsidiary has a shortfall of 103.98 million units upto the period ended March 31, 2022, the liability for which, under the provisions of PPA, is Rs. 113.34 million.

For remaining amount of Rs. 25.10 million, based on legal opinion, the management believes that the subsidiary has a good case to refuse for any further compensation to DISCOMs based on the fact that no compensation became payable by DISCOMs to KERC. Even though the relevant clause in the PPA is "compensatory" and not "penal" in nature and further demands may be raised by the Discoms, Rs. 25.10 million is considered as a contingent liability in these financial statements.

(iii) (a) One of the subsidiary namely Clean Wind Power (Anantapur) Private Limited, Telangana State Electricity Regulatory Commission (TSERC) issued Tariff order dated October 6, 2018 declaring tariff of Rs. 3.61 per/kwh. Based on the said tariff order, the said Company requested Telangana State Southern Power Distribution Company Limited ('TSSPDCL') to enter into Power Purchase Agreement (PPA), however TSSPDCL had declined the request of the Company to enter into PPA at Rs. 3.61 per/kwh and proposed a tariff of Rs. 2.79 per/kwh.

Aggrieved with the TSSPDCL offer of Rs.2.79/kwh, the Company approached Telangana High Court and High Court directed TSSPDCL to sign PPA at the interim rate of Rs. 2.79/kwh subject to final decision of the High Court. The PPA got signed on February 24, 2021 at the interim rate of Rs. 2.79/kwh ("interim PPA").

Subsequent to signing of interim PPA, the TSSPDCL has issued a letter asking company to sign the amended PPA with revised COD which will render the pending case for revised tariff of 3.61 per kw/h infructuous. The Company has challenged this letter and received an interim order dated March 10, 2022 from the High Court directing TSSPDCL to make payment for the energy supplied by the Company @ 2.79/ kWh as per terms of the interim PPA, till final outcome of pending writ petition.

Based on discussion with the concerned government bodies, management's internal assessment supported by an expert legal opinion, the management believes that the Company will be able to enter into PPA shortly and will secure the final tariff rate of Rs. 3.61/ kwh. Accordingly, the management believes that the project is fully viable at carrying value and is expected to generate future economic benefits

(b) Telangana State Industrial Infrastructure Corporation Limited (TSIIC) has issued show cause notices to Clean Wind Power (Anantapur) Private Limited "the subsidiary" dated April 30, 2022 and May 31, 2022 in respect of permission dated October 26, 2017 granted to the subsidiary for installation of WTGs in the National Investment and Manufacturing Zone (NIMZ) notified area since some of the Company's WTGs are coming in the way of NIMZ approved master plan.

Along with this, TSIIC has also requested for Hero Future Energies Private Limited, the holding company's action plan for establishment of a lithium-ion battery project in the NIMZ area as per the non-binding MOU signed with Telangana State Government after which permission for installation of WTGs in the NIMZ area was granted. Subsequent to the grant of permission, the holding company had clearly conveyed its inability to proceed further with the lithium-ion battery project. While the holding company has agreed to relocation of the concerned 33KVA transmission lines, if need be, the parties are mutually exploring amicable resolution of the issues entailing minimum relocation risk to the three affected WTGs identified by the parties.

Based on management's internal assessment, the management believes that the Company will be able to come to an amicable resolution and there would not be material outflow of resources.

(iv) The Company had entered into Power Purchase Agreement with Hubli Electricity Supply Company Ltd ("HESCOM") on Feb 19, 2014 to commission 10 MW Solar Power project by August 18, 2015 (including extension of 5 months 8 days vide letter dated October 17, 2014 from HESCOM). The Company commissioned and received the Commission Certificate on August 14, 2015.

The Company had filed a petition before Karnataka Electricity Regulatory Commission ("KERC") on January 05, 2017 against reduction of tariff from 7.47 per kWh to 6.5 per kWh. KERC vide its Impugned Order dated October 17, 2017 while upholding the PPA tariff of Rs.7.47 per kWh in favour of HFE. However in the said order KERC arbitrarily, erroneously and retrospectively denied the already approved extension of time of 5 months and 8 days granted by HESCOM, after almost 3 years of such extension being granted.

As a result of the impugned order, HESCOM imposed liquidated damages ("LD") of Rs. 120.50 million vide order dated March 12, 2020. The Company has filled appeal dated July 8, 2020 with APTEL against such order and is awaiting to be heard. The amount of Rs. 175.65 million (March 31, 2021 Rs 206.01 million) is receivable from Hubli Electricity Supply Company Limited (HESCOM) on account of supply of energy.

Management believes, basis legal experts inputs and precedence basis judgement of other companies with similar case facts, is of the view that it has a good chance of succeeding in appeal as the extension was provided by HESCOM. Accordingly, these outstanding amounts have been considered fully recoverable in these financial statements.

(v) One of the subsidiary namely Clean Wind Power (Bhavnagar) Private Limited ("the Company") had signed Power Purchase agreement (PPA) with Maharashtra Electricity Distribution Company Limited (MSEDCL) on July 17, 2018 for development of 75.6 MW Wind Power Project in the state of Maharashtra. As per PPA, the Company was required to achieve the scheduled commercial operation of plant within 18 months from the date of signing of PPA i.e. January 17, 2020. However the project was not developed and,commercial operation was not achieved.

Basis management assessment, potential penalties for not achieving commercial operation date are approx Rs. 1,250 million. During the year, the Company has approached Maharashtra Electricity Regulatory Commission (MERC) by way of a petition for inter alia seeking frustration of the said PPA on account of various prolonged force majeure events that amounts to frustration of the PPA and seeking stay against encashment of performance bank guarantee (PBG) amounting Rs. 151.20 million and Subsequently, as agreed with MSEDCL the Company has deposited the amount equivalent to PBG Rs. 151.20 million and consequently the MSEDCL released the said PBG.

As per legal opinion, management believes that none of the potential penalties are likely to fall due and that MSEDCL is likely to refund the amount of Rs. 151.20 million. Accordingly no provision is recognized in this year's financial statements

II) Land related

(i) There are approximately 33 land cases filed by Land owner/third parties against subsidiaries of the Group or vice versa on various issues including (i) sale of their ancestral land by relatives/family members, without obtaining their consents, to subsidiaries of the Group (ii) the receipt of inadequate sales consideration from subsidiaries for the sale of their land. The Group is contesting all such cases and based on advice from legal counsel, management believes that they have a good case on merits. The group has concluded that it is only possible, but not probable that the actions of the various third parties will succeed. Accordingly, no provision has been made in these financial statements. Although carrying value of these parcels of land are not individually or collectively material, the potential impact on the future success or viability of the relevant projects could be material to the group. Given the uncertainty surrounding the various claims against the group, it is also not practicable to quantify the potential future effect on earnings, operations, cash flow or financial condition of the group.

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iii) Vendor related

(i) In case of one of the subsidiary, Bhilwara Green Energy Limited, The subsidiary has entered into Operation & Maintenance ('O&M') agreement with ReGen Infrastructure and Services Private Limited ('ReGen') dated September 18, 2015. Vide order dated February 19, 2020, National Company Law Tribunal has ordered the commencement of corporate insolvency resolution process of the ReGen and appointed Interim Resolution Professionals ('IRP'). Consequent to financial position of ReGen, to ensure smooth functioning of the plant (including repair of 5 Wind Turbine Generator failure in previous year), the subsidiary as per approval from ReGen and IRP, paid advance to material/ service vendors of ReGen for replacement/repairs of Generators and other related expenses. As at March 31, 2022, the net outstanding advance (net of amount payable towards O&M services rendered till respective reporting dates) is Rs. 171.54 million (As at March 31, 2021: Rs. 87.40 million), which will either be refunded or adjusted against future services. Basis above facts, historical and continuing arrangement for O&M services and adjustment of advances against services received, transactions of ReGen with fellow subsidiaries, and considering that ReGen is continuing as O&M vendor and will continue to provide services, the Management of the Group believes that the advance amount is fully recoverable either in cash or through services received from the ReGen, however, as a prudence the management of the subsidiary has provided the amount of provision of Rs. 132 million (As at March 31, 2021: Rs. 35 million) against said advance in the financial statement.
Additionally, the subsidiary has filed claim for liquidity damages as per contractual terms but following conservative principles, it has not recognized as net income (net of provision) in these financial statement.

(ii) In case of one of the subsidiary, Vayu Urja Bharat Private Limited, the subsidiary has engaged Win Power Engineering Private Limited for the acquistion of land for the project. However, the subsidiary had found various irregularties in land acquisition and has withheld the payments of Wind Power Engineering Private Limited. However, Win Power continuously requested to release the payments and denied its any fault/irregularity. Finally, Win Power had issued IBC notice demanding Rs. 18.94 million but we denied to pay the same on the ground of pre-existing dispute. Hence, the insolvency petition has been filed by Wind Power against the subsidiary.
Further to this, the subsidiary has also initiated arbitration proceedings against Win Power and filed Petition before Delhi HC for the appointment of Arbitrator to resolve the dispute arose between the parties in terms of the Land Development Agreement and subsequent Work Orders issued. Hearing date is not yet fixed. Subsequently to the year end this matter has been settle at principal amount Rs. 15.1 million and successfully got the case disposed off.

(iv) Regulatory Matters
(i) LNJ Power Ventures Limited has filed a writ petition in Rajasthan High Court challenging an order dated 8 May 2019 of Rajasthan Regulatory Electricity Commission ("RERC") wherein RERC has erroneously interpreted the group captive norms under National Electricity Rules 2005. The Rajasthan High Court by way of an order dated 28 May 2019 issued notices to respondents and directed that in the meantime, no coercive action should be taken by respondents. The preliminary issue has been decided in our favour. The next hearing date has not been fixed yet. This case challenges the erroneous interpretation of group captive norms. It is currently not practicable to determine the outcome of the case or the potential impact on the Group's financial statements.

(ii) One of the subsidiary namely, Clean Wind Power (Manvi) Private Limited has filed a petition (OP 120/18) before Karnataka Electricity Regulation Commission ('KERC') seeking declaration of its captive status for the financial year 2017-18 and quashing wrongful imposition of cross subsidy surcharge on its group users by Distribution Companies ('DISCOMS') and thus, has requested for reversal of cross-subsidy charges.
As on March 31, 2022 outstanding balance for Manipal Technologies Ltd., MCT Cards & Technologies Pvt Ltd and Technorings is Rs. 176.13 million, Rs. 47.48 million and Rs. 65.76 million respectively (excluding unbilled revenue). The above 3 customers are consumers of Mangalore Electricity Supply Company Limited (MESCOM). MESCOM is not considering the consumer as captive and raised demand notice to the consumers for the financial year 2017-18 and 2018-19 and accordingly has withheld the amount payable to the company. Also, Klene Paks is one of the recipients of the notice from CESC where demand has been raised to the customer and accordingly the customer has withheld this amount of Rs 252.03 million which is payable to the subsidiary by the customer.

Also, Writ petitions through these captive users were filed before the Karnataka High Court seeking stay/quashing of the various demand notice raised by respective Karnataka DISCOMs to group captive customers for Cross Subsidy Surcharge and electricity tax presuming the petitioner not having captive structure. High court vide order dated February 5, 2020 directed that no precipitative action will be taken by DISCOMs in this matter till 45 days of disposal of the petition (OP 120/18) filed before KERC and disposed off the writs.

OP 120/2018 stands disposed of vide order dated October 11,2021. KERC has held that the impugned demands notices issued by the DISCOMs to the Captive Users of CWP Manvi is set aside as prayed for in the petition. The amount received if any towards cross-subsidy surcharge, Additional Surcharge and the differential electricity tax by the DISCOMs from the consumers of the CWP Manvi. Further, the DISCOMs have been given the liberty by the KERC to re-assess the captive status of Manvi for the Financial Year 2017-18 on a flimsy ground. The said part of the order has been challenged by CWP Manvi before APTEL in Appeal No. 342 of 2021. Ld. APTEL was pleased to grant interim Stay vide order dated 25.02.2022 and directed DISCOMs to not take any precipitative action against CWP Manvi. The matter is now listed for completion of pleadings on May 11, 2022. Accordingly, no

(iii) In one of the subsidiary Waaneep Solar Private Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited ("MPMKVVCL") raised a Demand Notice dated 6 January 2020 ("Demand Notice") purportedly claiming arrears of Rs. 89.68 million towards electricity usage charges for the period from July 2016 to November 2019. The Demand Notice was disputed by Waaneep vide its email dated 22 January 2020.

Waaneep made a payment of Rs. 30 million under protest in relation to the disputed demands and filed a Writ Petition before the High Court of Madhya Pradesh, Jabalpur ("High Court"). The matter was listed on March 18, 2020 wherein High Court an interim order of protection in favour of Waaneep. The matter is yet to be listed for final arguments No provision has been recognised as at March 31, 2022 in respect of the Demand Notice. However, uncertainty remains regarding the final outcome and there exists a potential liability of Rs. 89.68 million.

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38 Capital Management

For the purpose of group's capital management, capital includes issued equity capital and equity reserves attributable to the equity holders of the parent. The primary objective of the group's capital management is to maximise the shareholder value.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may return capital to shareholders or issue new shares. The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The net debt of the Group includes interest bearing borrowings less cash and cash equivalents.

	As at March 31, 2022	As at March 31, 2021
Borrowings (Refer to note 17)	126,174.86	109,577.52
Less: Cash and cash equivalents (Refer to note 8)	3,912.31	3,753.12
Net debt	122,262.55	105,824.40
Equity share capital (Refer to note 15)	70.41	70.41
Other equity (Refer to note 16)	(14,482.21)	(8,848.37)
Total Capital	(14,411.80)	(8,777.96)
Capital and net debt	107,850.75	97,046.44
Gearing ratio	113.36%	109.05%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There is no breach covenant except as mentioned in note 17 'Borrowings'.

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39 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

a) Fair value of financial assets:

	Carrying values		Fair values	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets measured at fair value through profit or loss				
Investment in equity shares (Refer to note 6)	78.58	142.37	78.58	142.37
Investment in mutual fund (Refer to note 6)	25.82	198.70	25.82	198.70
Dervatives not designated as hedges				
- Currency and interest rate swaps	219.49	-	219.49	-
Total A	323.89	341.07	323.89	341.07
Financial assets measured at amortised cost				
Security deposits (Refer to note 10)	87.88	73.70	87.88	73.70
Trade receivables (Refer to note 7)	9,587.41	7,631.57	9,587.41	7,631.57
Cash and cash equivalents (Refer to note 8)	3,912.31	3,753.12	3,912.31	3,753.12
Other bank balances (Refer to note 9)	2,489.03	2,758.28	2,489.03	2,758.28
Other financial assets (Refer to note 10)	5,025.63	2,018.49	5,025.63	2,018.49
Total B	21,102.26	16,235.16	21,102.26	16,235.16

b) Fair value of financial liabilities:

	Carrying values		Fair values	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial liabilities measured at fair value through profit or loss				
Derivatives not designated as hedges (Refer note 19)	64.97	83.97	64.97	83.97
	64.97	83.97	64.97	83.97
Financial liabilities measured at amortised cost				
Borrowings (Refer to note 17)	126,174.86	109,577.52	126,715.76	109,333.22
Trade payables (Refer note 18)	2,200.93	1,948.60	2,200.93	1,948.60
Other financial liabilities (Refer to note 19)	3,836.38	4,281.31	3,836.38	4,281.31
	132,212.17	115,807.43	132,753.07	115,563.13

Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, interest accrued on borrowings and current maturities of long term borrwoings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term borrowings are primarily Indian domestic rupee denominated loans with fixed interest rate and floating interest rate borrowings. For floating interest rate borrowings, the interest rates are linked to market driven benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders plus minus a prefixed spread. As per contractual arrangement, these benchmark rates are periodically revised by the lenders at a pre-set interval to reflect prevalent market conditions.

Further, the Group has an option to prepay loans subject to terms of respective loan arrangement. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Accordingly, effective cost of debt for Borrowings in medium term time horizon will be in line with the prevalent market rates. Therefore, the discounting rate for calculating the fair value of floating interest rate borrowings has been taken in line with the current cost of debt. Further, if we consider a sensitivity of 25 basis point increase/decrease in the current cost of debt, the fair value of long term borrowing with floating rate of interest rate will be approximately 0.39% lower than amortized cost as on March 31, 2022.

Discount rate used in determing fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilites is average market cost of borrowings of the group and in case of financial asset is the average market rate of similar credit rated instrument. The group maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

a) Fair values of the group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the rate as at the end of the reporting year. The own non-performance risk as at March 31, 2022 was assessed to be insignificant.

b) Fair value for security deposits (other than perpetual security deposits) has been presented based on the discounting factor as at the reporting date. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

c) For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

d) Specific valuation techniques used to value financial instruments include:
- Mutual fund classified in Level 1 above are valued on the basis of quoted rates available from securities markets in India. Mutual funds are valued using the closing NAV.
- Fair value of other non-current assets and liabilities is determined based on discounted cash flow method using risk adjusted discount rate.

e) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, cross currency swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at March 31, 2022, the mark-to market value of other derivatives positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

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40 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets

	Level Classification	As at March 31, 2022	As At March 31, 2021
Financial assets measured at fair value through profit or loss			
Investment in equity shares- Clean Solar Power Eastern Europe Limited (Refer note 6)	Level 3	-	69.94
Investment in equity shares- Clean Solar Power (Bhainsada) Private Limited (Refer note 6)	Level 2	78.58	72.43
Total A		78.58	142.37
Financial assets measured at amortised cost			
Security deposits (Refer to note 10)	Level 2	77.49	69.36
Trade receivables (Refer to note 7)	Level 2	9,494.19	7,623.98
Other financial assets (Refer to note 10)	Level 2	1,575.83	223.10
		11,147.51	7,916.44
Total (A+B)		11,226.09	8,058.81

Quantitative disclosures fair value measurement hierarchy for liabilities

	Level Classification	As at March 31, 2022	As At March 31, 2021
Financial liabilities measured at fair value through profit or loss			
Derivatives not designated as hedges (Refer note 19)	Level 2	-	83.97
Total A		-	83.97
Financial liabilities measured at amortised cost			
Borrowings (Refer to note 17)	Level 2	94,642.89	59,635.69
Other financial liabilities (Refer to note 19)	Level 2	3.64	31.21
Total B		94,646.53	59,666.90
Total (A+B)		94,646.53	59,750.87

Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, interest accrued on borrowings and current maturities of long term borrwoings approximate their carrying amounts largely due to the short-term maturities of these instruments.

There have been no transfers between Level 1 and Level 2 during the year.

Valuation technique used to determine fair value:
Specific valuation techniques used to value financial instruments include:
- Mutual fund classified in Level 1 above are valued on the basis of quoted rates available from securities markets in India. Mutual funds are valued using the closing NAV.
- Borrowings are primarily Indian domestic long-term rupee loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for Borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Hence, the discounting rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.
- Fair value of other non-current assets and liabilities is determined based on discounted cash flow method using risk adjusted discount rate.

Fair value of variable interest bearing borrowings is considered approximate to their carrying amounts. Fair value of fixed interest bearing borrowings is computed using a combination of market and present value approach. Fair market interest, for this purpose, has been considered 10%.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2021 is shown below:

Particulars	Valuation Technique	Significant unobservable inputs	Weighted Average Cost of Equity	Sensitivity of the input to fair value
Investment in Equity Shares of Clean Solar Power (Eastern Europe) Limited	Fair Value based Net Asset Value (Enterprise Value of GEA Solar LLC and Greenway Solar LLC has been derived basis FCFE)	Risk adjusted weighted average cost of capital	15.04%	0.5% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by Rs. 3.44 million

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41 Financial risk management objectives and policies

The group's principal financial liabilities comprise trade and other payables, borrowings, current maturity of borrowings, interest accrued and capital creditors. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations.

The group's principal financial assets includes investment in mutual funds, security deposits, deposit with original maturity of 12 months, trade receivables, cash and cash and interest accrued thereon.

The group is exposed to credit risk, liquidity risk and market risk. The group's senior level management of these risks and is supported by Treasury department that advises on the appropriate financial risk governance framework.

All derivative activities for risk management purposes are carried out by the teams that have the appropriate skills, experience and supervision. In order to minimise any adverse affects on the financial performance of the group, the group may use foreign forward contracts including currency rate swaps to hedge certain foreign currency risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives, and the investments of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. Derivatives are used exclusively for hedging purposes and not for trading and speculative purposes.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk borrowings, short term deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant .

I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to interest rate risk. The group manages its net exposure to interest rate risk related to borrowings, by balancing a proportion of fixed rate and floating rate borrowing in its total borrowing portfolio. To manage this portfolio mix, the group may enter into currency rate swap arrangements and/ or interest rate swap arrangements, which allows the group to exchange periodic payments based on a notional amount and agreed upon fixed and floating interest rates.

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax
March 31, 2022	+50	(341.67)
	-50	341.67
March 31, 2021	+50	(372.60)
	-50	372.60

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

II) Foreign currency risk

The Group is exposed to foreign exchange risk through buyers credits, Letter of credit's issued to foreign vendors and foreign currency trade payables. The Group holds derivative financial instruments such as currency interest rate swaps (CIRS) to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The hedged foreign currency exposure of Creditors as at March 31, 2022 is Rs. 13,641.48 million (March 31, 2021 Rs. 6,789.88 million).

The following table analyzes forward and derivative transactions:

Following are the outstanding forward and derivative transactions outstanding as on March 31, 2022:

Foreign Currency	Number of contracts	Notional Amount of Contract (USD In million)	Notional Amount of Contract (Rs in million)	Fair Value in (Rs in million)	Line item in the balance sheet
US Dollar	63	75.41	5,413.96	219.49	Current financial assets
	9	106.43	8,227.52	64.97	Current financial liabilities

Following are the outstanding forward and derivative transactions outstanding as on March 31, 2021:

Foreign Currency	Number of contracts	Notional Amount of Contract (USD In million)	Notional Amount of Contract (Rs in million)	Mark to market Value (Rs.)	Line item in the balance sheet
US Dollar	75	94.51	6,789.88	83.97	Non-Current financial liabilities

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Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

I) Trade receivables

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored.
The Group has state utilities/government entities as it's customers with high credit worthiness, therefore, the Group does not see any risk related to credit. The credit quality of the customers other than state utilities/government entities is evaluated based on their credit ratings and other publicly available data.

For ageing analysis of trade receivables as of the reporting date Refer Note 7

II) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the group's treasury department in accordance with the group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the group's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C. Liquidity risk

Liquidity risk is the risk that the group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.
The group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments.

As at March 31, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings* # ^	5,190.66	2,573.54	33,153.69	61,069.64	46,450.72	148,438.25
Trade payables	-	-	2,179.21	-	-	2,179.21
Other financial liabilities	-	-	3,897.71	3.64	-	3,901.35
Lease Liabilities #	-	8.70	45.24	238.37	658.26	950.57
Total	5,190.66	2,582.24	39,275.85	61,311.65	47,108.98	155,469.38

As at March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings* # ^	9,563.28	25,193.63	12,470.84	52,459.08	34,309.13	133,995.96
Trade payables	-	-	1,922.19	-	-	1,922.19
Other financial liabilities	-	-	4,360.33	27.50	-	4,387.83
Lease Liabilities #	-	11.15	51.76	314.66	725.87	1,103.44
Total	9,563.28	25,204.78	18,805.12	52,801.24	35,035.00	141,409.42

* refer note 17
# It includes contractual interest payment based on interest rate prevailing at the end of the reporting period.
^ The term loan from lender shown as payable on demand on account of covenant breaches. If there was no covenant breach Rs. 1,106.80 million is payable within 1 year, Rs. 1,320.39 million in 1 to 5 years and remaining Rs. 12,32 million over the 5 years (March 31, 2021: Rs. 298.43 million is payable within 1 year, Rs. 1,379.07 million in 1 to 5 years and remaining Rs. 3,028.28 million over the 5 years) including interest accrued thereon.

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42 Bhainsada Transaction

During the year ended March 31, 2021 one of the subsidiary, Hero Solar Energy Private Limited (HSE) executed Share Purchase Agreement and Investment agreement dated 4 February 2021 (together with the schedules and annexures thereto), with O2 Power SG Pte. Ltd. ("O2") ("Investor" and "Purchaser")) for sale of investment in Clean Solar Power (Bhainsada) Private Limited ('CSP Bhainsada'). The above transaction has resulted in loss of control of the subsidiary namely, CSP Bhainsada and the same is not consolidated after the closing date i.e., 1 March 2021.

Pursuant to this transaction the Group had recognised a gain of Rs. 118.25 million in the statement of Profit and Loss.

43 Transfer Pricing

The Group is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the Income Tax Act ('regulations') to determine whether the transactions entered during the year ended March 31, 2022, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

44 Segment Note

The Group is engaged in a single segment i.e., the business of "generation and sale of power" from where it is earning its revenue and incurring expense. The operating results are regularly reviewed and performance is assessed by its Chief Operating Decision Maker (CODM) including CEO, CFO and the functional heads. All the Group's resources are dedicated to this single segment and all the discrete financial information is available for this segment.

The Group operates within India and does not have operations in economic environments with different risks and returns.

The revenues from three major customers amounts to Rs 7,444.74 Million (March 31, 2021: Rs 7,312.79 Million) each of which contributes more than 10% of the total revenue of the Group.

45 Accounting of Viability Gap Funding (government grant)

a) In respect of its subsidiary namely as Clean Solar Power (Dhar) Private Limited, the said subsidiary has entered into Viability Gap Funding (VGF) securitization agreement with Solar Energy Corporation of India ("SECI") for creating a charge on project assets based on which the said subsidiary is eligible to receive VGF support amounting to Rs 492.00 million.

As per the terms of the agreement, VGF for 30MW plant shall be released in two instalments: first instalment of 50% of VGF shall be released at a date not earlier than three months from scheduled commissioning date and balance 50% to be received in 5 equal instalment over the next 5 years, subject to plant meeting the generation requirement specified in the VGF Securitization Agreement.

VGF received is treated as deferred revenue and is being amortized over the useful life of the assets in the same proportion in which depreciation on related assets is charged to statement of profit and loss. Accordingly, the Group has recorded an amount of Rs. 26.79 million (March 31, 2021 Rs. 24.72 million) as Other income, which is recorded under Note 24 of the financial statements, while an amount of Rs. 328.99 million (March 31, 2021 Rs. 330.47 million) has been recorded as "Deferred income" under Note 20 of the financial statements.

b) In respect of its subsidiary namely Waaneep Solar Private Limited , the said subsidiary has entered into Viability Gap Funding (VGF) securitization agreement with Solar Energy Corporation of India ("SECI") for creating a charge on project assets based on which the subsidiary is eligible to receive VGF support amounting to INR 1,175.00 million.

As per the terms of the agreement, VGF for 50 MW plant shall be released in two instalments: first instalment of 50% of VGF shall be released at a date not earlier than three months from scheduled commissioning date and balance 50% to be received in 5 equal instalment over the next 5 years, subject to plant meeting the generation requirement specified in the VGF Securitization Agreement.

VGF received is treated as deferred revenue and is being amortized over the useful life of the assets in the same proportion in which depreciation on related assets is charged to statement of profit and loss. Accordingly, the Group has recorded an amount of Rs. 67.17 million (March 31, 2021 Rs. 55.57 million) as Other Income, which is recorded under Note 24 of the financial statements, while an amount of Rs. 855.69 million (March 31, 2021 Rs. 805.35 million) has been recorded as "Deferred income" under Note 20 of the financial statements.

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46 Disclosure pursuant to amendment to Ind AS 7 (Cash flow statement):

Particulars	Opening balance (April 01, 2021)	Cash flows	Non-cash transactions				Closing balance (March 31, 2022)
			Processing cost	Interest accretion	New Leases	Others	
Term loans from Financial Institution & Banks	69,386.65	(11,810.92)	(113.03)	72.57	-	68.98	57,604.25
Cash credit facilities	611.50	151.00	-	-	-	-	762.50
Loan from Related Party (refer note 34)	2,490.67	1,250.00	(15.60)	9.33	-	-	3,734.40
Non-Convertible Debentures	5,389.53	(29.89)	12.79	24.49	-	-	5,396.92
Supplier's/ Buyer's credit	6,886.81	(1,375.92)	11.09	3.22	-	123.81	5,649.01
Cumulative Compulsorily Convertible Preference	20,774.52	-	-	2,087.84	-	-	22,862.36
Compulsory Convertible Debentures	83.20	-	-	-	-	-	83.20
Commercial Papers	-	1,839.18	-	-	-	-	1,839.18
Optional Convertible Debentures	104.30	-	-	8.89	-	-	113.19
Lease Liabilities	502.44	(57.92)	-	43.26	-	(69.24)	418.54
ECB Bond	-	25,839.75	-	122.61	-	-	25,962.36
Total	106,229.62	15,805.28	(104.75)	2,372.21	-	123.55	124,425.91

Particulars	Opening balance (April 01, 2020)	Cash flows	Non-cash transactions				Closing balance (March 31, 2021)
			Processing cost	Interest accretion	New Leases	Others	
Term loans from Financial Institution & Banks	67,436.28	1,199.48	(49.99)	800.88	-	-	69,386.65
Cash credit facilities	70.00	541.50	-	-	-	-	611.50
Loan from Related Party (refer note 34)	1,993.67	500.00	(7.49)	4.49	-	-	2,490.67
Non-Convertible Debentures	8,633.11	(3,631.67)	199.76	188.33	-	-	5,389.53
Supplier's/ Buyer's credit	7,061.21	-	3.40		-	(177.80)	6,886.81
Cumulative Compulsorily Convertible Preference	18,279.90	789.62	-	1,889.61	-	(184.61)	20,774.52
Compulsory Convertible Debentures	83.20	-	-	-	-	-	83.20
Commercial Papers	2,253.21	(2,253.21)	-	-	-	-	-
Optional Convertible Debentures	-	121.91	0.72	-	-	(18.33)	104.30
Lease Liabilities	614.01	(78.06)	-	51.96	40.29	(125.76)	502.44
Total	106,424.59	(2,810.43)	146.40	2,935.27	40.29	(506.50)	106,229.62

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Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Notes to the Consolidated Financial Statements
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

47 Statement containing specific disclosure of the entities which are included in consolidated financial statements:

For Year ended March 31, 2022

Name of the entity in the group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Hero Future Energies Private Limited	(38.37%)	5,529.41	35.82%	(2,030.54)	22.84%	7.98	35.90%	(2,022.56)
Hero Wind Energy Private Limited	(56.06%)	8,079.34	15.73%	(891.77)	5.57%	1.95	15.79%	(889.83)
Clean Wind Power (Anantapur) Private Limited	10.26%	(1,479.19)	3.73%	(211.58)	1.12%	0.39	3.75%	(211.18)
Clean Wind Power (Pratapgarh) Private Limited	1.16%	(167.36)	0.64%	(36.21)	1.32%	0.46	0.63%	(35.75)
Clean Wind Power (Ratlam) Private Limited	(5.01%)	721.47	(3.31%)	187.68	3.25%	1.14	(3.35%)	188.82
Clean Wind Power (Satara) Private Limited	(2.62%)	377.14	0.73%	(41.13)	1.81%	0.63	0.72%	(40.49)
Clean Wind Power (Devgarh) Private Limited	(23.27%)	3,353.49	(4.27%)	242.22	2.86%	1.00	(4.32%)	243.22
Clean Wind Power (Manvi) Private Limited	(4.79%)	690.76	2.10%	(119.15)	3.37%	1.18	2.09%	(117.97)
Clean Wind Power (Jaisalmer) Private Limited	1.95%	(281.22)	0.00%	(0.17)	0.00%	-	0.00%	(0.17)
Vayu Urja Bharat (Private) Limited	(0.54%)	77.46	2.46%	(139.23)	7.42%	2.59	2.43%	(136.64)
Clean Wind Power (Kurnool) Private Limited	0.02%	(2.19)	0.00%	(0.16)	0.00%	-	0.00%	(0.16)
Clean Wind Power (Bhavnagar) Private Limited	4.52%	(651.45)	6.01%	(340.78)	0.89%	0.31	6.04%	(340.47)
Clean Wind Power (Piploda) Private Limited	1.02%	(147.52)	1.11%	(63.01)	0.71%	0.25	1.11%	(62.76)
Clean Wind Power (Bableshwar) Private Limited	1.47%	(212.51)	2.13%	(120.56)	2.36%	0.83	2.13%	(119.73)
Clean Wind Power (Tuticorin) Private Limited	1.05%	(151.65)	0.20%	(11.33)	0.00%	-	0.20%	(11.33)
Bliwara Green Energy Limited	(6.24%)	899.50	(1.85%)	104.72	1.51%	0.53	(1.87%)	105.25
LNJ Power Ventures Limited	2.73%	(393.96)	0.82%	(46.66)	0.57%	0.20	0.82%	(46.46)
Hero Rooftop Energy Private Limited	0.73%	(105.27)	0.63%	(35.47)	5.90%	2.06	0.59%	(33.41)
Clearn Solar Rooftop Private Limited	(0.02%)	2.96	(0.05%)	3.00	0.00%	-	(0.05%)	3.00
Hero Solar Energy Private Limited	(42.37%)	6,105.81	51.17%	(2,900.89)	19.14%	6.69	51.37%	(2,894.20)
Clean Solar Power (Dhar) Private Limited	(2.56%)	368.95	(0.93%)	52.69	1.93%	0.67	(0.95%)	53.36
Clean Solar Power (Chitrdurga) Private Limited	2.65%	(381.68)	2.70%	(153.20)	0.95%	0.33	2.71%	(152.87)
Rajkot (Gujarat) Solar Energy Private Limited	(0.06%)	8.53	0.81%	(46.19)	1.40%	0.49	0.81%	(45.70)
Clean Solar Power (Tumkur) Private Limited	7.58%	(1,092.21)	4.87%	(276.12)	4.42%	1.55	4.87%	(274.57)
Clean Solar Power (Bhadla) Private Limited	(16.34%)	2,354.68	(2.58%)	146.45	2.18%	0.76	(2.61%)	147.21
Clean Solar Power (Jaipur) Private Limited	0.13%	(18.22)	2.31%	(130.77)	0.07%	0.02	2.32%	(130.74)
Clean Solar Power (Gulbarga) Private Limited	(1.42%)	204.93	5.43%	(307.88)	4.09%	1.43	5.44%	(306.45)
Clean Solar Power (Bellary) Private Limited	0.37%	(53.64)	0.08%	(4.51)	1.95%	0.68	0.07%	(3.83)
Waaneep Solar Private Limited	(10.90%)	1,570.23	(1.80%)	101.77	2.32%	0.81	(1.82%)	102.58
Clean Solar Power (Jodhpur) Private Limited	(10.59%)	1,526.45	10.84%	(614.60)	0.04%	0.01	10.91%	(614.58)
Clean Solar Power (Konch) Private Limited	0.01%	(1.09)	0.01%	(0.39)	0.00%	-	0.01%	(0.39)
Clean Solar Power (Kadapa) Private Limited	0.00%	(0.11)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Clean Solar Power (Sirsa) Private Limited	0.82%	(117.58)	3.30%	(186.95)	0.00%	-	3.32%	(186.95)
Clean Solar Power (Baniyana) Private Limited	0.00%	(0.00)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Clean Solar Power (Bhainsada) Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Clean Solar Power (Amarsar) Private Limited	0.30%	(43.49)	0.77%	(43.49)	0.00%	-	0.77%	(43.49)
Clean Solar Power (Bikaner) Private Limited	(0.00%)	0.08	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Clean Solar Power (Barmer) Private Limited	(0.00%)	0.08	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Consolidation adjustments	284.37%	(40,982.71)	(39.61%)	2,245.51	0.00%	-	(39.86%)	2,245.51
Total	100%	(14,411.80)	100%	(5,668.79)	100%	34.95	100%	(5,633.84)

For Year ended March 31, 2021

Name of the entity in the group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Hero Future Energies Private Limited	(86.04%)	7,552.76	29.13%	(1,586.94)	47.87%	2.32	29.11%	(1,584.62)
Hero Wind Energy Private Limited	(98.80%)	8,672.50	9.04%	(492.70)	21.21%	1.03	9.03%	(491.67)
Clean Wind Power (Anantapur) Private Limited	16.35%	(1,435.30)	5.30%	(288.85)	1.65%	0.08	5.30%	(288.77)
Clean Wind Power (Pratapgarh) Private Limited	1.50%	(131.62)	2.03%	(110.68)	6.66%	0.32	2.03%	(110.36)
Clean Wind Power (Ratlam) Private Limited	(6.07%)	532.89	0.63%	(34.34)	1.52%	0.07	0.63%	(34.27)
Clean Wind Power (Satara) Private Limited	(4.76%)	417.63	(0.16%)	8.68	1.00%	0.05	(0.16%)	8.72
Clean Wind Power (Devgarh) Private Limited	(35.43%)	3,110.46	3.17%	(172.48)	(1.58%)	(0.08)	3.17%	(172.56)
Clean Wind Power (Manvi) Private Limited	(9.21%)	808.74	1.47%	(80.04)	0.29%	0.01	1.47%	(80.03)
Clean Wind Power (Jaisalmer) Private Limited	3.20%	(281.25)	0.00%	(0.20)	0.00%	-	0.00%	(0.20)
Vayu Urja Bharat (Private) Limited	(2.44%)	214.08	7.66%	(417.40)	1.31%	0.06	7.67%	(417.34)
Clean Wind Power (Kurnool) Private Limited	0.02%	(2.03)	0.02%	(0.98)	0.00%	-	0.02%	(0.98)
Clean Wind Power (Bhavnagar) Private Limited	3.54%	(310.97)	3.25%	(176.81)	(0.96%)	(0.05)	3.25%	(176.86)
Clean Wind Power (Piploda) Private Limited	0.97%	(84.77)	2.11%	(115.18)	0.87%	0.04	2.12%	(115.13)
Clean Wind Power (Bableshwar) Private Limited	1.06%	(92.78)	0.20%	(10.71)	(0.07%)	(0.00)	0.20%	(10.71)
Clean Wind Power (Tuticorin) Private Limited	1.60%	(140.33)	0.15%	(8.09)	0.00%	-	0.15%	(8.09)
Bliwara Green Energy Limited	(9.05%)	794.26	2.23%	(121.61)	1.31%	0.06	2.23%	(121.55)
LNJ Power Ventures Limited	3.96%	(347.51)	2.08%	(113.07)	(0.66%)	(0.03)	2.08%	(113.10)
Hero Rooftop Energy Private Limited	0.82%	(71.85)	(0.02%)	0.96	(2.09%)	(0.10)	(0.02%)	0.85
Hero Solar Energy Private Limited	(102.53%)	8,999.76	16.90%	(920.77)	1.32%	0.06	16.91%	(920.70)
Clean Solar Power (Dhar) Private Limited	(3.60%)	315.58	(0.40%)	21.68	0.03%	0.00	(0.40%)	21.69
Clean Solar Power (Chitrdurga) Private Limited	3.73%	(327.51)	1.91%	(104.27)	2.00%	0.10	1.91%	(104.18)
Rajkot (Gujarat) Solar Energy Private Limited	(0.62%)	54.23	(0.52%)	28.24	2.56%	0.12	(0.52%)	28.36
Clean Solar Power (Tumkur) Private Limited	9.32%	(817.98)	8.36%	(455.37)	3.78%	0.18	8.36%	(455.19)
Clean Solar Power (Bhadla) Private Limited	(25.15%)	2,207.48	3.41%	(185.55)	4.54%	0.22	3.40%	(185.33)
Clean Solar Power (Jaipur) Private Limited	9.65%	(847.48)	6.63%	(361.47)	2.72%	0.13	6.64%	(361.34)
Clean Solar Power (Gulbarga) Private Limited	(5.83%)	511.45	14.03%	(764.34)	2.21%	0.11	14.04%	(764.24)
Clean Solar Power (Bellary) Private Limited	0.57%	(49.82)	0.26%	(14.05)	2.18%	0.11	0.26%	(13.94)
Waaneep Solar Private Limited	(16.72%)	1,467.61	0.04%	(2.12)	0.35%	0.02	0.04%	(2.10)
Clean Solar Power (Jodhpur) Private Limited	(14.07%)	1,235.18	0.62%	(33.59)	0.00%	-	0.62%	(33.59)
Clean Solar Power (Konch) Private Limited	0.01%	(0.69)	0.01%	(0.39)	0.00%	-	0.01%	(0.39)
Clean Solar Power (Kadapa) Private Limited	0.00%	(0.08)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Clean Solar Power (Sirsa) Private Limited	0.25%	(22.08)	0.17%	(9.02)	0.00%	-	0.17%	(9.02)
Clean Solar Power (Baniyana) Private Limited	(0.00%)	0.02	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
Clean Solar Power (Bhainsada) Private Limited	0.24%	(20.73)	1.86%	(101.17)	0.00%	-	1.86%	(101.17)
Clean Solar Power (Amarsar) Private Limited	(0.00%)	0.01	0.00%	(0.09)	0.00%	-	0.00%	(0.09)
Consolidation adjustments	463.52%	(40,687.84)	(21.55%)	1,174.28	0.00%	-	(21.57%)	1,174.28
Total	100%	(8,777.97)	100%	(5,448.54)	100%	4.84	100%	(5,443.70)

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New Delhi

Hero Future Energies Private Limited
CIN: U40300DL2013PTC253648
Notes to the Consolidated Financial Statements
(All amounts are in Indian Rupees (in millions), unless otherwise stated)

48 Employee stock option plans of erstwhile Hero Future Energies Private Limited (now amalgamated):

During the year no awards were made to any employees (2021: no awards) and no further awards are planned. While the Company has not completed the process for the adoption of the new employee stock option plan, there are 19 beneficiaries, holding options granted under the employee stock option plan 2015 of the erstwhile, Hero Future Energies Private Limited, which was merged into the Company. As per the scheme of Amalgamation, the Company has to formulate ESOP Plan The Company needs to discharge its obligations towards these 19 beneficiaries, including 10 who are no longer in the Company's employment to whom the majority of the awards relate. The size, timing and nature of any settlements due to beneficiaries, which may differ depending on the terms of each award for each beneficiary, will be determined following the completion of requisite formalities of settlement including valuation and are subject to approval by the Nominations & Remunerations Committee and/or the Board of Directors.

Management's best estimate of the expected future settlement, based on current facts and circumstances and legal assessment, is Rs. 259.84 million. Therefore, a provision of Rs. 259.84 million has been recognised as at March 31, 2022 (March 31, 2021: Rs. 387.07 million) and a write back of Rs. 127.24 million has been recognised in the profit and loss of the current year.
Details of erstwhile ESOP policy is as under:

Details of ESOP policy is as under:

Particulars	Category A Options	Category B Options	Category C Options
Exercise price	Rs. 10 (Rupees Ten)	Rs. 17 (Rupees Seventeen)	Rs. 24 (Rupees Twenty Four)
Number of options granted as at March 31, 2022	10,900,000	6,125,966	1,875,000
Grant Date	Different dates from October 1, 2015 to October 1, 2018	Different dates from October 1, 2015 to October 1, 2018	Granted on November 12, 2019
Vesting period and condition	- 1,700,000 options vested on March 31, 2017; and - 9,200,000 options vested on March 31, 2018.	- 882,353 options vested as on March 31, 2017; - 1,764,706 options vested as on March 31, 2018; - 200,000 options vested as on March 31, 2020; - 100,000 options to be vested on March 31, 2021; - 2,590,672 options vesting in four annual tranches of 20%, 25%, 25% and 30% from grant date; - 588,235 options foleited for not satisfying	All Options vested on Grant date i.e. November 12, 2019.
Exercise period	Exercise period of the Plan is 4 years from the vesting date or date of IPO, whichever is later	Exercise period of the Plan is 4 years from the vesting date or date of IPO, whichever is later	Exercise period of the Plan is 4 years from the vesting date or date of IPO, whichever is later
Method of settlement	Cash settled (In Special cases, may be settled by issue of option securities	Cash settled (In Special cases, may be settled by issue of option securities	Cash settled (In Special cases, may be settled by issue of option securities

Movement in share options issued under the erstwhile ESOP policy for the year ended March 31, 2022 is as follows:

Particulars	Category A	Category B	Category C
Opening balance	10,900,000	4,837,130	1,875,000
Granted during the year	-	-	-
Forfeited/Lapsed during the year	-	-	-
Exercised during the year	-	-	-
Closing balance	10,900,000	4,837,130	1,875,000
Vested and exercisable	10,900,000	4,837,130	1,875,000

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49 **Going Concern**

The Group has incurred a loss of Rs. 5,688.79 million during the year ended March 31, 2022, its net worth has been fully eroded owing to accumulated losses of Rs. 21,056.24 million as at period end and the Group's current liabilities of Rs. 39,133.77 million exceeded its current assets of Rs. 21,484.33 million as at the balance sheet date. The Board of Directors have reviewed a detailed cashflow forecast for the period until March 31, 2024 prepared by management and considered various other factors relating to the to the uncertainties that exist around the going concern assumption. These factors include:

- the advanced progress in raising equity from both existing shareholders and new investors. Draft definitive documents are under finalization stage. The cash proceeds of the investment are expected to be received within two months of signing of documents and part of it will be used for repayment of existing debt in the Company. Management has assessed that the above mentioned equity infusion is sufficient to ensure the financial stability and to support growth plans of the Group;
- the availability of debt finance from existing and new lenders;
- estimated potential disposal proceeds from sale of certain assets; and
- management's assessment that the impact of any covenant breaches will be minimal.

Having given consideration to the above factors, management has concluded that it is appropriate for the financial statements to be prepared on the going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

50 **Events occuring after balance sheet date**

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

51 As per RBI Press Release no. 1998-99/1269 dated April 8, 1999 ('Press Release'), the Company, has exceeded 50% threshold for both asset and income test during financial year 2020-21, however the Company has not met income test in financial year 2021-22. Further, considering that - (i) the Company is primarily engaged in the business of generation and sale of electricity through its wholly owned subsidiaries, (ii) provides certain services to its subsidiaries such as management services and O&M services and, (iii) the management has no intention to engage in financing activities - management is of the view that the Company should not be termed as a financial institution and should therefore not require registration as an NBFC. Further, the management is also taking necessary steps by which the Company would not breach these tests in foreseeable future.

52 **Compensation of safeguard duty and GST**

(i) Central Government imposed safeguard duty on import of Solar cells vide notification dated July 30, 2018. One of the subsidiary, Clean Solar Power (Bhadla) Private Limited considered imposition of safeguard duty as 'Change in Law' and sought recovery of Safeguard duty paid amounting to Rs 1,390.52 million from Solar Energy Corporation of India ('SECI') as per the terms of PPA.

In accordance with accounting policy of the Company, the cost incurred in relation to safeguard duty, has been capitalized under Plant and Equipment and income is being recognised over the term of PPA from the date when the Company has received first instalment of refund.

Accordingly, the company has recorded an amount of Rs. 44.07 million as other income, which is recorded under Note 24 of the financial statements, while an amount of Rs. 1,346.46 million has been recorded as "Deferred income" under Note 20 of the financial statements. The balance of safe duty receivable as on March 31, 2022 is Rs. 1,193.93 million has been recorded as "Other financial asset" under Note 10 of the financial statements.

(ii) Central Government introduced new Indirect Tax regime "Goods and Services Tax Act" (GST) on July 1, 2017 which resulted in an increase in non-recurring expenditure on the project asset in Clean Solar Power (Gulbarga) Private Limited. Central Electricity Regulatory Commission ('CERC') vide order dated March 26, 2020 has directed SECI to pay the additional cost incurred by the Company on account of change in law subject to certain conditions. SECI vide letters dated December 31, 2021 has agreed to refund the said amount of 489.80 million. Out of 489.80 million, 134.13 million was paid upfront and for rest of the amount in monthly annuity of 4.96 million.

In accordance with accounting policy of the Company, such additional cost incurred in relation to GST has been capitalized under Property, plant and equipment and income is being recognised over the term of PPA from the date when the Company has received first instalment of refund.

Accordingly, the company has recorded an amount of Rs. 5.73 million as other income, which is recorded under Note 24 of the financial statements, while an amount of Rs. 484.07 million has been recorded as "Deferred income" under Note 20 of the financial statements. The balance of GST receivable as on March 31, 2022 is Rs. 349.95 million has been recorded as "Other financial asset" under Note 10 of the financial statements.

53 The subsidiary, Clean Wind Power (Bhavnagar) Private Limited, had signed Power Purchase agreement (PPA) with Maharashtra Electricity Distribution Company Limited (MSEDCL) on July 17, 2018 for development of 75.6 MW Wind Power Project in the state of Maharashtra. As per PPA, the subsidiary was required to achieve the Scheduled Commercial Operation of Plant within 18 months from the date of signing of PPA i.e. January 17, 2020. However, the subsidiary was unable to develop the project due to various unforeseen reasons.

During the year ended March 31, 2022, the subsidiary has approached Maharashtra Electricity Regulatory Commission (MERC) by way of a petition for inter alia seeking frustration of the said PPA on account of various prolonged Force Majeure events that amounts to frustration of the PPA and seeking stay against encashment of performance bank guarantee (PBG) amounting Rs. 151.20 million. Subsequently, it was agreed between the parties that amount equivalent to PBG will be deposited by the subsidiary and MSEDCL will not encash the PBG. The subsidiary has deposited the amount equivalent to PBG Rs. 151.20 million and consequently the MERC released the PBG on October 01, 2021. As per legal opinion, the management believes that MSEDCL is likely to refund the amount of Rs.151.20 million. Hence, no provision is made in the books for the period ended March 31, 2022.

Further, the Group has decided to liquidate asset acquired for this project (transformers and wind turbines) and accordingly those assets are classified as "assets held for sale" as at March 31, 2022. Fair value of these assets is estimated to Rs. 812.97 million and fair value loss of Rs. 83.75 million has been recognized in the statement of profit and loss for the year ended March 31, 2022. In addition, the Group has also recognized an impairment loss of Rs 15.97 million on preoperative expenses capitalized in this project during the current year.

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54 The Group undertook impairment testing of all relevant CGUs as at March 31, 2022 applying the value in use approach i.e. using cash flow projections based on financial budgets covering contracted power sale agreements using a pre- tax discount rate of 10.20% - 11.65% (post- tax discount rate of 8.82% - 10.19%). The Group has financial projections up to 30-35 years as per long-term PPA.

The impairment assessments are based on a range of estimates and assumptions, including the following key assumptions:

Estimate/Assumption	Basis
Long-term interest rate	This reflects the Group estimate of cost or borrowings available in market on a long-term basis.
O&M escalation	Based on management assessment of long-term escalation rate in the O&M contracts.
Debt Equity ratio	The debt/equity split has been considered based on the long-term perspective.
Weighted average cost of capital("WACC")	The cost of equity has been computed using CAPM Model, where the cost of equity = Risk free rate of return + Beta * Market risk premium. Cost of equity has been further adjusted by additional risks including illiquidity as the Company is currently is unlisted and counterparty (off-taker) risk of State utilities.

Based on the above, the Group has assessed that no impairment is required to be recognised at any CGU except the subsidiary Clean Solar Power (Jodhpur) Private Limited where an impairment loss of Rs 1,029.13 million (Comparising Freehold Land Rs. 686.45 million, CWIP Rs. 342.68 million). Further, other related Cost Rs. 112.30 million has been recognised during the year. The impairment loss recorded reflects the management's best estimate of the recoverable amount of these CGUs.

Senstivity

The calculation of value in use of power plant is sensitive to impact of changes in above assumptions. The Group assessed sensitivity of value in use by changing following assumptions:

Project	Carrying value (in INR mn)	Value in Use(in INR mn)	Change in Assumption	Change in Value in Use (in INR mn)
BGEL	2,056.18	2,078.02	5% in PLF	140.43
			0.25% in WACC	25.98
Waaneep	5,847.55	6,062.40	5% in PLF	373.72
			0.25% in WACC	107.11
CSP Jodhpur	12,383.50	12,383.50	5% in PLF	611.51
			0.25% in WACC	226.23

Sensitivities analysis was done for both PLF and WACC, being the two most significant assumptions. Based on observable variances in the industry, a change of 5% in PLF and absolute change of 0.25% in WACC was considered as reasonable for this analysis.

55 The geopolitical situation in Ukraine deteriorated rapidly resulting in significant military operations by both Russia and Ukraine across much of the country started from February 24, 2022. The current geopolitical tension between Ukraine and Russia have a significant impact on the project assets in Ukraine in terms of either their future cashflows or value in the event of potential disposal thereby effecting exposure of the Group in Clean solar power (Eastern Europe) and accordingly the Group has assessed the impairment on equity investment and has recognised a loss of Rs 69.94 million for the year ended March 31, 2022 in the statement of Profit and Loss. Further, the Group has provided for interest receivable from Clean solar power (Eastern Europe) as on March 31, 2022 amounting to Rs.144.47 millon out of which 133.85 million pertains to current year.

56 Final settlement agreement with Waaree Energies Limited

Durng the previous year Waaneep Solar Private Limted (the subsidiary) along with Hero Solar Energies Private Limited (HSE) (Company) has entered into agreement with Waaree Energies Limited (WEL) on April 28, 2021 to settle dues with respect to acquisition of the subsidiary by the Company on December 31, 2018. As per the Agreement, the parties have also decided the settlement plan for the payment of outstanding capital creditors of WEL. Further, interest payable on above capital creditors as per earlier settlement agreement dated December 31, 2018 at the rate of 10.5% has been agreed to be calculated based on the free cash flow mechanism stipulated in the Agreement itself.

Also, WEL has indemnified the Company for various contingencies including proceedings or litigation in relation to the notices from the office of Dy. Commissioner,labour department, Kurnool under the Building and Other Construction Workers Welfare Cess Act, 1996 and accordingly the Company has recorded receivables amounting to Rs. 68.00 million as on March 31, 2021.

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57 Figures have been rounded off to the nearest millions unless otherwise stated and absolute amounts less than Rs. 5,000 are appearing in the financial statements as "0" due to presentation in millions, if any.

58 Previous year's figures have been regrouped, reclassified whenever necessary to correspond with current year classification/disclosure in accordance with revised schedule III of Companies Act, 2013.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner

S. R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date : July 25, 2022

For and on behalf of the Board of Directors of
Hero Future Energies Private Limited

Rahul Munjal
Chairman and Managing Director
DIN: 00118339

Renu Munjal
Director
DIN: 00012870

Srivatsan Srinivas Iyer
Chief Executive Officer

Benjamin Paul Fraser
Group Chief Financial Officer

Mayur Maheshwari
Company Secretary
M.No.- F7379

HERO FUTURE ENERGIES PVT. LTD. New Delhi

Place: New Delhi/London
Date : July 25, 2022

Hero Future Energies Private Limited
Results of Operations- Consolidated Financial Statements
(Amount in Rs million, unless otherwise stated)

Year Ended March 31, 2022, Consolidated Financial Results

Operating Results

Revenue from contract with customers

Revenue from contract with customers increased to Rs. 14,801.50 million for the fiscal year ended March 31, 2022, from Rs. 13,288.98 million for the fiscal year ended March 31, 2021. This change was primarily on account of (i) higher revenue generation from wind power plants owing to higher average wind speed during the current year (ii) increase in revenue from Rooftop projects (C&I) and (iii) increase in revenue from sale of emission reduction certificates.

Generation for the fiscal year ended March 31, 2022, and March 31, 2021 was 3,078.64 GWh million units and 2,948.67 GWh million units respectively, representing a 4.41% increase as compared to the fiscal year ended March 31, 2021.

Other income

Other income decreased to Rs. 973.06 million for the fiscal year ended March 31, 2022, from Rs. 1,002.01 million for the fiscal year ended March 31, 2021. The primarily reason for decrease is reduction in interest income from fixed deposits and one-off gain on loss of control of subsidiary which is offset by increase in the amount of write back of provisions and increase in mark to market gain on derivative instruments (net of foreign exchange gain in previous year).

Expenses

Cost of material consumed

Cost of materials consumed increased to Rs. 660.82 million for the fiscal year ended March 31, 2022 from Rs. 127.97 million for the fiscal year ended March 31, 2021, primarily increased in line with increase in revenue of rooftop projects (C&I)

Employee benefits expense

Employee benefits expense increased to Rs. 812.68 million for the fiscal year ended March 31, 2022, from Rs. 651.22 million for the fiscal year ended March 31, 2021, primarily due to increase in salaries, wages on account of annual increment cycle, new hirings and impact of performance linked incentive provision during the current year.

Finance costs

Finance costs decreased to Rs. 11.362.10 million for the fiscal year ended March 31, 2022, from Rs. 12,016.53 million for the fiscal year ended March 31, 2021. The decrease was primarily due to decrease in other finance cost in relation to prepayment charges for pre-closure of long-term borrowings and one-off cost on refinancing and creditor settlement considered in previous fiscal year.

Depreciation and amortization expense

Depreciation and amortization expense was Rs. 3,426.55 million for the fiscal year ended March 31, 2022, and Rs. 4,255.68 million for the fiscal year ended March 31, 2021. This change is attributable to lower depreciation on account of revision in useful lives of wind power plants and solar power plants from 25 years to 30 years and 35 years respectively with effect from April 01, 2021, prospectively.

Impairment of assets and Exceptional items

Impairment of assets

Impairment of assets was Rs. 99.72 million for the fiscal year ended March 31, 2022. Refer note 53 of Consolidated Financial Statements for more details.

Exceptional Items

During the fiscal year ended March 31, 2022, the Group has recorded exceptional loss of Rs. 1,141.43 million, refer note 54 of Consolidated Financial Statements for more details.

Other expenses

Other expenses increased to Rs. 3,226.62 million for the fiscal year ended March 31, 2022, from Rs. 2,732.64 million for the fiscal year ended March 31, 2021, primarily due to (i) Rs. 321.64 million increases in exchange fluctuation loss on, USD denominated supplier credit/short term loan and EUR denominated loan receivable, due to depreciation of INR against USD and EUR, (ii) Rs. 272.38 million increase in loss recognized on account of sale of Property plant & Equipment and fair valuation on asset held for sale, (iii) Rs. 146.66 million increase in respect of provision for doubtful debts and advances, (iv) Rs. 142.84 million increase in operation and maintenance expenses/erection commission expenses, and (v) Rs. 69.94 million increase in fair value loss on equity investment. This increase is offset by (i) Rs. 206.70 million decrease in liquidated damages, and (ii) Rs. 226.01 million decrease in of mark to market losses on derivative instruments.

Tax expense

Tax expense increased to a net tax expense of Rs. 713.43million for the fiscal year ended March 31, 2022, from a net tax credit of Rs. 598.02 million for the fiscal year ended March 31, 2021, primarily on account of increase in current tax expense and reversal of deferred tax asset.

Net Profit/(loss) for the period

As a result of the foregoing, loss for the period increased to Rs 5,668.79 million for the fiscal year ended March 31, 2022, from Rs. 5,448.54 million for the fiscal year ended March 31, 2021.

Cash Flow Discussion

Net cash flow from operating activities

In the fiscal year ended March 31, 2022, the net cash flow used in operating activities was Rs. 8,589.46 million. This net cash flow was primarily attributable to operating profit before working capital changes. The operating profit before working capital changes was Rs. 11,111.17 million for the fiscal year ended March 31, 2022.The changes in working capital in the year ended March 31, 2022, was primarily due to (i) an increase in other asset Rs 218.21 million, (ii) an increase in trade and other receivables of Rs 2,143.88 million and (iii) an increase in other financial assets of Rs. 1,941.85 million, which are partially offset by (i) increase in other liabilities and provisions of Rs. 2,092.56 million and (ii) an increase in trade and other payables of Rs 162.50 million.

Hero Future Energies Private Limited
Results of Operations- Consolidated Financial Statements
(Amount in Rs million, unless otherwise stated)

Net cash generated from investing activities

In the fiscal year ended March 31, 2022, the net cash flow used in investing activities was Rs. 13,460.44 million, which primarily consists of (i) net purchases of property, plant and equipment including capital work in progress, capital creditors and capital advances of Rs. 12,933.70 million and (ii) EUR denominated loan given to a group company during the year. These effects were partially offset by (i) net proceeds from maturity of fixed deposits with banks Rs.305.19 million, (ii) interest received of Rs. 137.36 million, (iii) net proceeds from sale of mutual funds of Rs. 176.46 million and (iv) proceeds from sale of property, plant and equipment of Rs. 273.73 million.

Net cash generated from financing activities.

In the fiscal year ended March 31, 2022, the net cash flow from financing activities was Rs. 6,713.03 million, which primarily consisted of Rs. 47,392.48 million proceeds from borrowings. These effects were partially offset by (i) Rs 31,529.28 million of repayments made on borrowings, and (ii) interest paid of Rs. 9,092.25. million.