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") of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity 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 consolidated Ind AS 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 50 in the consolidated Ind AS financial statements which indicate that the Group has incurred losses of Rs. 5,448.54 million and Rs. 4,566.27 during the current year and previous year respectively, its net worth has been fully eroded owing to accumulated losses of Rs. 15,631.99 million (March 31, 2020: Rs.10,278.96) as at the year end and the Company's current liabilities of Rs.56,787.26 million (March 31, 2020: Rs. 44,226.72) exceeded its current assets of Rs. 16,986.47 million (March 31, 2020: Rs. 15,825.75) as at the balance sheet date. These conditions, along with other matters set forth in Note 50 to the consolidated Ind AS financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our Opinion is not modified in respect of this matter.

**Emphasis of Matter**

We draw attention to:

(i) note 37 (c) (III) to the Consolidated Ind AS Financial Statements of the Group, whereas it has been mentioned that one wind project subsidiary of the Group with net block of Property, Plant and Equipment ('PP&E') of Rs. 1,284.55 million (March 31, 2020: Rs. 1,342.20 million) as at March 31, 2021, 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 opinion and internal assessment, management is of the view that final PPA will be executed shortly and project will generate future economic benefits and no further adjustments is required in the carrying value of PP&E in consolidated Financial Statements.

(ii) note 37 (c) (I) to the Consolidated Ind AS Financial Statements, whereas it has been mentioned that, Government of Andhra Pradesh has issued a Government Order and accordingly, APDISCOM (the customer) has asked two subsidiaries to reduce the tariffs. The Hon'ble High Court has set aside the impugned Government Order and Letter of APDISCOM and has directed APERC to determine on issue within a span of 6 months from the date of court order. Subsequently, this Hon'ble Court had inter alia directed the APDISCOM to pay all pending and future bills of the Petitioner at the "interim" rate. The said subsidiaries have filed Writ Petition/appeal before the Hon'ble High Court of Andhra Pradesh related to these matters. Based on legal advice and management internal assessment, pending the outcome of the cases, no adjustment has been made to the 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 imposed by Hubli Electricity Supply Company Limited ("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 APTEL. Based on internal assessment, the management believes that recoverability of trade receivable from HESCOM aggregating to Rs. 183.03 million is good and no provision is required against carrying value.

Our conclusion is not modified in respect of the 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 Ind AS financial position, consolidated Ind AS financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 (refer note 50 to the consolidated financial statements) 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 system 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 to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements (refer para on "Material Uncertainty Related to Going Concern" as stated above) 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 consolidated Ind AS 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 consolidated Ind AS financial statements and other financial information, in respect of five subsidiaries, whose Ind AS financial statements include total assets of Rs 64.80 million as at March 31, 2021, and total revenues of Rs 0.12 million and net cash inflows of Rs 2.25 million for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which Ind AS 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**

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 including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(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, 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 1" 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, 2021. In our opinion the managerial remuneration for the year ended March 31, 2021 has been paid / provided by its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197, wherever applicable, 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 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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2021.

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

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Date: 2021.06.24 23:42:09 +05'30'

**per Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 21108044AAAAHZ7127
Place: Gurugram
Date: June 24, 2021

**ANNEXURE 1 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")**

We were engaged to audit the internal financial controls over financial reporting of Hero Future Energies Private Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries incorporated in India, as of March 31, 2021, in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiaries incorporated in India, are responsible for laying down 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 consolidated Ind AS 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 consolidated Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Group 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.

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number**:** 301003E/E300005

PRAVIN TULSYAN

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Date: 2021.06.24 23:42:42 +05'30'

**per Pravin Tulsyan**
Partner
Membership No.: 108044
UDIN: 21108044AAAAHZ7127
Place: Gurugram
Date: June 24, 2021

**Hero Future Energies Private Limited**
**Consolidated Balance Sheet as at March 31, 2021**
**(All amounts are in Indian Rupees (in millions), unless otherwise stated)**

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | 85,356.71 | 89,497.47 |
| (b) Capital work-in-progress | 4 | 2,731.66 | 2,625.57 |
| (c) Goodwill | 5 | 304.76 | 450.02 |
| (d) Other intangible assets | 5 | 3,442.33 | 3,604.68 |
| (e) Financial assets | | | |
| (i) Investment | 6 | 142.37 | - |
| (ii) Trade receivables | 7 | 7.59 | - |
| (iii) Other financial assets | 10 | 260.63 | 278.49 |
| (f) Deferred tax assets (net) | 32 | 1,219.16 | 993.14 |
| (g) Other non-current assets | 11 | 911.51 | 909.32 |
| (h) Non-current tax assets (net) | 12 | 532.04 | 1,314.40 |
| | | **94,908.76** | **99,673.09** |
| **Current assets** | | | |
| (a) Inventories | 13 | 59.03 | 41.74 |
| (b) Financial assets | | | |
| (i) Investment | 6 | 198.70 | 328.08 |
| (ii) Trade receivables | 7 | 7,623.98 | 6,210.94 |
| (iii) Cash and cash equivalents | 8 | 3,753.12 | 3,889.79 |
| (iv) Other bank balances | 9 | 2,758.28 | 4,647.08 |
| (v) Other financial assets | 10 | 1,831.56 | 198.69 |
| (c) Other current assets | 11 | 761.80 | 503.61 |
| | | **16,986.47** | **15,819.93** |
| Assets classified as held for sale | 14 | - | 5.82 |
| | | **16,986.47** | **15,825.75** |
| **Total assets** | | **111,895.23** | **115,498.84** |
| **II. EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity share capital | 15 | 70.41 | 70.40 |
| (b) Other equity | 16 | (8,848.37) | (3,539.61) |
| | | **(8,777.96)** | **(3,469.21)** |
| **LIABILITIES** | | | |
| **Non- current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 | 59,879.99 | 70,395.05 |
| (ii) Other financial liabilities | 19 | 576.51 | 600.31 |
| (b) Provisions | 21 | 196.16 | 176.22 |
| (c) Deferred tax liabilities (net) | 32 | 1,287.72 | 1,625.88 |
| (d) Other non-current liabilities | 20 | 1,945.55 | 1,943.87 |
| | | **63,885.93** | **74,741.33** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 | 21,444.38 | 34,118.72 |
| (ii) Trade payables | 18 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 26.41 | 33.41 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,983.61 | 1,658.83 |
| (iii) Other financial liabilities | 19 | 32,566.91 | 7,677.76 |
| (b) Other current liabilities | 20 | 344.57 | 313.66 |
| (c) Provisions | 21 | 416.13 | 420.03 |
| (d) Liabilities for current tax (net) | 22 | 5.25 | 4.31 |
| | | **56,787.26** | **44,226.72** |
| **Total equity and liabilities** | | **111,895.23** | **115,498.84** |
| 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

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Location: Gurugram
Date: 2021.06.24 23:43:13 +05'30'

**per Pravin Tulsyan**
Partner
Membership Number:108044

Place: Gurugram
Date : June 24, 2021

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

RAHUL MUNJAL
Digitally signed by RAHUL MUNJAL
Date: 2021.06.24 22:32:56 +05'30'

**Rahul Munjal**
Chairman and Managing Director
DIN: 00118339

RENU MUNJAL
Digitally signed by RENU MUNJAL

**Renu Munjal**
Director
DIN: 00012870

SRIVATSAN SRINIVAS IYER
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Date: 2021.06.24 22:34:40 +05'30'

**Srivatsan Srinivas Iyer**
Chief Executive Officer

BENJAMIN PAUL FRASER
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Date: 2021.06.24 22:37:52 +05'30'

**Benjamin Paul Fraser**
Group Chief Financial Officer

MAYUR MAHESHWARI
Digitally signed by MAYUR MAHESHWARI
Date: 2021.06.24 23:27:21 +05'30'

**Mayur Maheshwari**
Company Secretary
M.No.- F7379

Place: New Delhi
Date : June 24, 2021

**Hero Future Energies Private Limited**
**Consolidated statement of profit and loss for the year ended March 31, 2021**
**(All amounts are in Indian Rupees (in millions), unless otherwise stated)**

| | Particulars | Note | Year Ended March 31. 2021 | Year Ended March 31. 2020 |
|---|---|---|---|---|
| I | Revenue from contract with customers | 23 | 13,265.42 | 12,127.32 |
| II | Other income | 24 | 1,025.57 | 896.38 |
| III | **Total income (I +II )** | | **14,290.99** | **13,023.70** |
| IV | **Expenses** | | | |
| | Cost of materials consumed | 25 | 127.97 | 40.03 |
| | Employee benefits expense | 26 | 651.22 | 711.50 |
| | Finance costs | 27 | 12,016.53 | 10,206.26 |
| | Depreciation and amortization expense | 28 | 4,255.68 | 3,788.37 |
| | Impairment of assets | 28A | 553.51 | 150.00 |
| | Other expenses | 29 | 2,732.64 | 2,653.69 |
| | **Total expenses** | | **20,337.55** | **17,549.85** |
| V | **Loss before tax (III-IV)** | | **(6,046.56)** | **(4,526.15)** |
| VI | **Tax expense:** | | | |
| | a) Current tax | 30 | 25.64 | 133.25 |
| | b) Adjustment in respect of current tax relating to earlier years | 30 | (10.03) | 4.75 |
| | c) Deferred Tax charge/ (credit) (Net off MAT Credit Entitlement) | 30 | (613.63) | (97.88) |
| | **Total tax expense /(credit)** | | **(598.02)** | **40.12** |
| VII | **Loss for the year (V-VI)** | | **(5,448.54)** | **(4,566.27)** |
| VIII | **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 | 6.29 | (8.43) |
| | Income tax effect | 31 | (1.45) | 1.60 |
| | **Net other comprehensive income/ (expense) not to be reclassified to statement of profit and loss in subsequent year** | | **4.84** | **(6.83)** |
| | **Other comprehensive income /(expense) for the year, net of tax** | | **4.84** | **(6.83)** |
| IX | **Total comprehensive expense of the year, net of tax (IX+X)** | | **(5,443.70)** | **(4,573.10)** |
| X | **Earnings per share: (Face Value Rs. 10 per share)** | | | |
| | Basic and Diluted (Amount in Rs. ) | 33 | (3.41) | (2.95) |
| | 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

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Location: Gurugram
Date: 2021.06.24 23:43:44 +05'30'

**per Pravin Tulsyan**
Partner
Membership Number:108044

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

RAHUL MUNJAL
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Date: 2021.06.24 22:33:16 +05'30'

**Rahul Munjal**
Chairman and Managing Director
DIN: 00118339

RENU MUNJAL
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**Renu Munjal**
Director
DIN: 00012870

SRIVATSAN SRINIVAS IYER
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**Srivatsan Srinivas Iyer**
Chief Executive Officer

BENJAMIN PAUL FRASER
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**Benjamin Paul Fraser**
Group Chief Financial Officer

MAYUR MAHESHWARI
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**Mayur Maheshwari**
Company Secretary
M.No.- F7379

Place: Gurugram
Date : June 24, 2021

Place: New Delhi
Date : June 24, 2021

**Hero Future Energies Private Limited**
**Consolidated statement of changes in equity for the year ended March 31, 2021**
**(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, 2019** | **5,120,450** | **51.21** |
| Changes in Equity Share Capital during the year | 1,918,834 | 19.19 |
| **As at March 31, 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** |

**B. Other Equity**

| | **Attributable to equity holders of the parent** | | | | |
|---|---|---|---|---|---|
| | **Securities premium** | **Debenture Redemption Reserve** | **Capital Reserve** | **Retained Earnings** | **Total equity** |
| **As at April 1, 2019** | **21.21** | **300.26** | **2,176.84** | **(5,705.86)** | **(3,207.55)** |
| Add: Loss for the year | | | | (4,566.27) | (4,566.27) |
| Add:- Other comprehensive expense | | | | (6.83) | (6.83) |
| **Total Comprehensive Income for the year** | **-** | **-** | **-** | **(4,573.10)** | (4,573.10) |
| Add:- On account of issue of equity shares | 3,367.55 | | | | 3,367.55 |
| Add:- On account of issuance of CCPS (net of tax) (refer note 16) | | | 881.11 | | 881.11 |
| Less:- Share Issue Expenses | (3.39) | | - | | (3.39) |
| Less: Purchase of Non Controlling Interest | | | (4.23) | | (4.23) |
| **As at March 31, 2020** | **3,385.37** | **300.26** | **3,053.72** | **(10,278.96)** | **(3,539.61)** |
| | | | | | |
| **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 expense | - | - | - | 4.84 | 4.84 |
| **Total Comprehensive Income 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) |
| **As at March 31, 2021** | **3,385.36** | **209.59** | **3,188.67** | **(15,631.99)** | **(8,848.37)** |

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

PRAVIN TULSYAN
Digitally signed by PRAVIN TULSYAN
DN: cn=PRAVIN TULSYAN, c=IN, o=Personal, email=pravin.tulsyan@srb.in
Location: Gurugram
Date: 2021.06.24 23:44:16 +05'30'

**per Pravin Tulsyan**
Partner
Membership Number:108044

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

RAHUL MUNJAL
Digitally signed by RAHUL MUNJAL
Date: 2021.06.24 22:33:30 +05'30'

**Rahul Munjal**
Chairman and Managing Director
DIN: 00118339

RENU MUNJAL

**Renu Munjal**
Director
DIN: 00012870

SRIVATSAN SRINIVAS IYER
Digitally signed by SRIVATSAN SRINIVAS IYER
Date: 2021.06.24 22:35:17 +05'30'

**Srivatsan Srinivas Iyer**
Chief Executive Officer

BENJAMIN PAUL FRASER
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Date: 2021.06.24 22:39:08 +05'30'

**Benjamin Paul Fraser**
Group Chief Financial Officer

MAYUR MAHESHWARI
Digitally signed by MAYUR MAHESHWARI
Date: 2021.06.24 23:31:49 +05'30'

**Mayur Maheshwari**
Company Secretary
M.No.- F7379

Place: Gurugram
Date : June 24, 2021

Place: New Delhi
Date : June 24, 2021

**Hero Future Energies Private Limited**
**Consolidated Statement of Cash Flows for the year ended March 31, 2021**
**(All amounts are in Indian Rupees (in millions), unless otherwise stated)**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **I. Cash flow from operating activities** | | |
| **Loss before tax** | (6,046.56) | (4,526.15) |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation and amortization expense | 4,255.68 | 3,788.37 |
| Impairment of assets (refer note 28A) | 553.51 | 150.00 |
| Amortisation of government grant | (80.29) | (83.79) |
| Liability no longer required written back | (43.14) | (227.43) |
| Gain on sale of units of mutual funds | (8.74) | (65.87) |
| Unwinding of discount on deposits | (5.11) | (4.05) |
| Fair value gain on financial assets measured at fair value through profit and loss | (3.84) | (0.69) |
| Finance costs | 12,016.53 | 10,206.26 |
| Finance income | (341.56) | (114.82) |
| Provision for doubtful receivables and advances | 149.01 | 92.92 |
| (Profit)/Loss on sale of property, plant and equipment and assets classified as held for sale | (20.20) | 7.44 |
| Exchange fluctuation expense/ (gain) | (143.82) | 573.53 |
| Gain on loss of control of subsidiary (Refer note 43) | (118.25) | - |
| Expense on employee stock option plan | - | 177.59 |
| Mark to market loss on derivative instruments | 226.01 | (151.44) |
| Lease rent concession (refer note 36) | (11.36) | - |
| Loss on cross-currency and interest rate swap | - | 18.46 |
| | **16,427.49** | **14,366.48** |
| **Operating profit before working capital changes** | **10,380.93** | **9,840.33** |
| Change in working capital: | | |
| (Excluding cash and cash equivalent) | | |
| (Increase) in trade and other receivables | (1,530.98) | (1,620.74) |
| (Increase)/ decrease in inventories | (17.29) | 124.20 |
| Increase/ (decrease) in trade and other payables | 360.92 | (170.25) |
| (Increase)/ decrease in other financial assets | (1,149.94) | 74.08 |
| (Increase)/ decrease in other assets | (361.89) | 437.24 |
| Increase in other financial liabilities | 345.20 | 104.47 |
| Increase/ (Decrease) in other liabilities and provisions | 124.97 | (159.52) |
| **Change in working capital** | **(2,229.01)** | **(1,210.52)** |
| **Cash generated from operations** | **8,151.92** | **8,629.81** |
| **Less : Taxes paid/ (net of refunds)** | **767.72** | **(492.51)** |
| **Net cash flow from operating activities** | **8,919.64** | **8,137.30** |
| **II. Cash flow from investing activities:** | | |
| Net Proceeds from sale of mutual funds | 144.99 | 1,935.11 |
| Purchase of property, plant and equipment | (1,443.91) | (14,685.30) |
| Proceeds from sale of property, plant and equipment and assets classified as held for sale | 44.91 | 49.15 |
| Proceeds from sale of equity shares of subsidiary (refer note 43) | 44.15 | - |
| Fixed deposits with banks (net) | 1,811.53 | (3,907.33) |
| Investment in fellow subsidiary | (72.97) | - |
| Interest received | 327.81 | 118.81 |
| **Net cash generated from/ (used in) investing activities:** | **856.51** | **(16,489.56)** |
| **III. Net cash flow from financing activities:** | | |
| Proceeds from equity share capital (net of share issue expense) | - | 3,383.35 |
| Payment of principal portion of lease liabilities | (78.06) | (107.56) |
| Issue of Compulsory Convertible Preference shares ('CCPS') | 789.62 | 4,152.21 |
| Net (repayment)/ proceeds of short term borrowings | (6,214.64) | 2,394.18 |
| Repayment of long term borrowings | (8,712.44) | (6,165.55) |
| Proceeds from long term borrowings | 11,405.09 | 12,529.87 |
| Interest paid | (8,995.79) | (7,577.91) |
| **Net cash generated from/ (used in) financing activities** | **(11,806.22)** | **8,608.59** |

**Hero Future Energies Private Limited**
**Consolidated Statement of Cash Flows for the year ended March 31, 2021**
**(All amounts are in Indian Rupees (in millions), unless otherwise stated)**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Net change in Cash & cash equivalents (I+II+III)** | (2,030.07) | 256.33 |
| Cash and cash equivalents as at the beginning of the year (a) | 1,934.53 | 1,678.20 |
| 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) | (97.22) | 1,934.53 |
| **Net change in Cash & cash equivalents (a-b-c)** | **(2,030.07)** | **256.33** |

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

PRAVIN TULSYAN
Digitally signed by PRAVIN TULSYAN
DN: cn=PRAVIN TULSYAN, c=IN, o=Personal, email=pravin.tulsyan@srb.in
Location: Gurugram
Date: 2021.06.24 23:44:52 +05'30'

**per Pravin Tulsyan**
Partner
Membership Number:108044

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

RAHUL MUNJAL
Digitally signed by RAHUL MUNJAL
Date: 2021.06.24 22:33:44 +05'30'

**Rahul Munjal**
Chairman and Managing Director
DIN: 00118339

RENU MUNJAL
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DN: c=IN, st=Delhi, 2.5.4.20=c796bb381cabe9a961f2d43aaf2614d4ce26f76d987cfd69b5ebdf27b6cefb9f, postalCode=110048, street=B-109, serialNumber=f06dfe0c3292a59985fcef99f62bf0bc3db812466572a6ea46b25d2587ed1116, o=Personal, cn=RENU MUNJAL, pseudonym=c3ccd7cd7132b1e557853fa0d0f2dab2

**Renu Munjal**
Director
DIN: 00012870

SRIVATSAN SRINIVAS IYER
Digitally signed by SRIVATSAN SRINIVAS IYER
Date: 2021.06.24 22:35:33 +05'30'

**Srivatsan Srinivas Iyer**
Chief Executive Officer

BENJAMIN PAUL FRASER
Digitally signed by BENJAMIN PAUL FRASER
Date: 2021.06.24 22:40:05 +05'30'

**Benjamin Paul Fraser**
Group Chief Financial Officer

MAYUR MAHESHWARI
Digitally signed by MAYUR MAHESHWARI
Date: 2021.06.24 23:33:17 +05'30'

**Mayur Maheshwari**
Company Secretary
M.No.- F7379

Place: Gurugram
Date : June 24, 2021

Place: New Delhi
Date : June 24, 2021

**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, 2021. 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, 2021 has 3 wholly owned direct subsidiaries namely Hero Solar Energy Private Limited, Hero Wind Energy Private Limited and Hero Rooftop Energy Private Limited and 31 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 June 24, 2021.

**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, 2020 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, 2021. 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, 2021. 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

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, 2021 | % of voting power held as at March 31, 2020 |
|---|---|---|---|---|
| 1 | Hero Solar Energy Private Limited | India | 100.00% | 100.00% |
| 2 | Hero Wind Energy Private Limited | India | 100.00% | 100.00% |
| 3 | Clean Solar Power Eastern Europe Limited (note (a) ) | United Kingdom | 100.00% | 100.00% |
| 4 | Clean Wind Power (Anantapur) Private Limited | India | 100.00% | 100.00% |
| 5 | Clean Wind Power (Pratapgarh) Private Limited | India | 69.16% | 69.16% |
| 6 | Clean Wind Power (Ratlam) Private Limited | India | 100.00% | 100.00% |
| 7 | Clean Wind Power (Satara) Private Limited | India | 100.00% | 100.00% |
| 8 | Clean Wind Power (Devgarh ) Private Limited | India | 100.00% | 100.00% |
| 9 | Clean Wind Power (Manvi) Private Limited | India | 68.97% | 67.70% |
| 10 | Clean Wind Power (Jaisalmer) Private Limited | India | 100.00% | 100.00% |
| 11 | Clean Wind Power (Kurnool) Private Limited | India | 100.00% | 100.00% |
| 12 | Clean Wind Power (Bhavnagar) Private Limited | India | 100.00% | 100.00% |
| 13 | Clean Wind Power (Piploda) Private Limited | India | 100.00% | 100.00% |
| 14 | Clean Wind Power (Bableshwar) Private Limited | India | 100.00% | 100.00% |
| 15 | Clean Solar Power (Chitradurga) Private Limited | India | 100.00% | 100.00% |
| 16 | Clean Solar Power (Dhar) Private Limited | India | 100.00% | 100.00% |
| 17 | Clean Solar Power (Tumkur) Private Limited | India | 100.00% | 100.00% |
| 18 | Clean Solar Power (Bhadla) Private Limited | India | 100.00% | 100.00% |
| 19 | Clean Solar Power (Jaipur) Private Limited | India | 100.00% | 100.00% |
| 20 | Clean Solar Power (Gulbarga) Private Limited | India | 100.00% | 100.00% |
| 21 | Clean Solar Power (Bellary) Private Limited | India | 100.00% | 100.00% |
| 22 | Rajkot (Gujarat) Solar Energy Private Limited | India | 100.00% | 100.00% |
| 23 | Bhilwara Green Energy Limited | India | 100.00% | 100.00% |
| 24 | LNJ Power Ventures Limited | India | 74.00% | 74.00% |
| 25 | Hero Rooftop Energy Private Limited | India | 100.00% | 100.00% |
| 26 | Vayu Urja Bharat Private Limited | India | 100.00% | 100.00% |
| 27 | Clean Wind Power (Tuticorin) Private Limited | India | 100.00% | 100.00% |
| 28 | Clean Solar Power (Jodhpur) Private Limited | India | 100.00% | 100.00% |
| 29 | Clean Solar Power (Konch) Private Limited | India | 100.00% | 100.00% |
| 30 | Clean Solar Power (Kadapa) Private Limited | India | 100.00% | 100.00% |
| 31 | Clean Solar Power (Sirsa) Private Limited | India | 100.00% | 100.00% |
| 32 | Waaneep Solar Private Limited | India | 100.00% | 100.00% |
| 33 | Clean Solar Power (Baniyana) Private Limited | India | 100.00% | 100.00% |
| 34 | Clean Solar Power (Bhainsada) Private Limited (note (c)) | India | 51.00% | 100.00% |
| 35 | Clean Solar Rooftop Private Limited (note (b)) | India | 100.00% | - |
| 36 | Clean Solar Power (Amarsar) Private Limited (note (b)) | India | 100.00% | - |
| 37 | LLC GEA Solar Group (note (a)) | Ukraine | 100.00% | 100.00% |
| 38 | LLC Greenway Solar Group (note (a)) | Ukraine | 100.00% | 100.00% |

**Notes:**

(a) Clean Solar Power (Eastern Europe) Limited has acquired LLC GEA Solar Group and LLC Greenway Solar Group on June 05, 2019. Although, the company, Hero Future Energies Private Limited hold 100% stake in the share capital of Clean Solar Power (Eastern Europe) Limited, basis the definition of 'Control' as provided under Ind AS 110 "Consolidated Financial Statements", the management is of the view that the entity, Clean Solar Power (Eastern Europe) Limited is controlled by Hero Future Energies Global Limited i.e. the intermediate holding company and the same is not been considered in these Consolidated Financial Statements.

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

(c) As per the Share Purchase agreement dated February 4, 2021, the group has divested 49% stake in the subsidiary to O2 power along with right to take all business decision to run the operations. Hence, as per the definition of 'Control' as provided under Ind AS 110 " Consolidated Financial Statements', the management is of the the view that the Company, in its consolidated financial statement for the year ended March 31, 2021, does not need to consolidate CSP Bhainsada. However, the company will consolidate Profit and loss of "CSP Bhainsada" for the period April 1, 2020 to Mar 1, 2021, being the Closing date.

**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.

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.

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 40).

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 41)
· Financial instruments (including those carried at amortised cost) (Refer Note 40)

**d)** <u>**Revenue Recognition**</u>

Ind AS 115 supersedes Ind AS 11 Construction Contracts, Ind AS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

**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.

**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 :**
Revenue from provision of service is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Profit on contracts is recognized on percentage of completion method and losses are accounted as soon as these are anticipated. However, profit is not recognized unless there is reasonable progress on the contract. In case the total cost of a contract based on technical and other estimates is expected to exceed the corresponding contract value such expected loss is provided for. The revenue on account of extra claims on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached.

Contract revenue earned in excess of billing has been reflected under other current assets and billing in excess of contract revenue has been reflected under current liabilities in the balance sheet. Liquidated damages / penalties are provided for based on management's assessment of the estimated liability as per contractual terms and / or acceptances.

**(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.

**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) <u>**Foreign currencies**</u>

**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) <u>**Taxes**</u>

**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 or tax laws prevailing in the respective tax jurisdictions where they operate, 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. However, the group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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.

In situations where Group is 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. Deferred taxes in respect of temporary differences which reverse after the tax holiday year are recognized in the year in which the temporary differences originate. However, the Group restrict the recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

g) <u>**Government grant**</u>

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be compiled 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**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. 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.

**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*) | 25 |
| 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 is 25 years 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 |

**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 first in, first out 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.

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.

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

**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.

**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.

**y) Changes in accounting policies and disclosures**

**New and amended standards**

**Amendments to Ind AS 103 Business Combinations: Definition of a Business**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

**Amendments to Ind AS 107, Ind AS 109 and Ind AS 39: Interest Rate Benchmark Reform**

The amendments to Ind AS 109 and Ind AS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Amendment to Ind AS 116 Leases COVID 19-Related Rent Concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The Group has received a discount of 15%-25% on leased office premises during current period, which resulted in an adjustment in profit or loss of Rs 11.36 million in its Consolidated Financial Statements for the year ended March 31, 2021.

**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.

**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 40 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 59

**vii) Going concern assessment - Note 50**

This space has been left intentionally

(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 2019** | **3,795.82** | **77,483.02** | **5,223.91** | **534.00** | **230.31** | **188.66** | **87,455.72** |
| Additions made during the year | 766.69 | 15,431.36 | 12.86 | 65.23 | 134.95 | 11.19 | 16,422.28 |
| Disposals / adjustments during the year | (32.09) | (18.48) | (5.46) | - | - | (0.56) | (56.59) |
| Transfer to assets classified as held for sale (refer note 14) | (5.82) | - | - | - | - | - | (5.82) |
| **As at March 31, 2020** | **4,524.60** | **92,895.90** | **5,231.31** | **599.23** | **365.26** | **199.29** | **103,815.59** |
| 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 43) | (303.37) | - | - | (46.93) | - | - | (350.30) |
| **As at March 31, 2021** | **4,360.04** | **93,190.39** | **5,231.44** | **590.87** | **275.92** | **204.19** | **103,852.85** |
| **Depreciation and impairment** | | | | | | | |
| **As at April 01, 2019** | **-** | **9,905.09** | **542.61** | **-** | **-** | **94.87** | **10,542.57** |
| Depreciation charge for the year | - | 3,395.84 | 121.06 | 24.95 | 43.39 | 42.04 | 3,627.28 |
| Impairment during the year | - | 150.00 | - | - | - | - | 150.00 |
| On disposals / adjustments during the year | - | (0.96) | (0.31) | - | - | (0.46) | (1.73) |
| **As at March 31, 2020** | **-** | **13,449.97** | **663.36** | **24.95** | **43.39** | **136.45** | **14,318.12** |
| Depreciation charge for the year | - | 3,866.39 | 120.74 | 24.90 | 40.69 | 40.61 | 4,093.33 |
| On disposals / adjustments during the year | - | - | - | - | (18.78) | (0.27) | (19.05) |
| Impairment during the year (Refer note 59) | - | 80.10 | 24.13 | - | - | - | 104.23 |
| Adjustment on account of loss of control of subsidiary | - | - | - | (0.49) | - | - | (0.49) |
| **As at March 31, 2021** | **-** | **17,396.46** | **808.23** | **49.36** | **65.30** | **176.79** | **18,496.14** |
| **Net book value** | | | | | | | |
| **As at March 31, 2020** | **4,524.60** | **79,445.93** | **4,567.95** | **574.28** | **321.87** | **62.84** | **89,497.47** |
| **As at March 31, 2021** | **4,360.04** | **75,793.93** | **4,423.21** | **541.51** | **210.62** | **27.40** | **85,356.71** |

**Note:** a) Five (5) subsidiaries of the group are having 992.68 acre (March 31, 2020: 1,389.20 acre) of freehold land amounting to Rs. 771.95 million (March 31, 2020: Rs. 1,023.99 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 , 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, 2021 was Rs 6.45 million (March 31, 2020 Rs. 592.01 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, 2019** | **6,004.49** |
| Addition during the year | 12,049.61 |
| Capitalised during the year | (15,428.53) |
| **As at March 31, 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** |

(a) In respect of one of the subsidiary namely Clean Wind Power (Satara) Private Limited, the 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'). As Maharashtra State Electricity Distribution Company Ltd (MSEDCL) has stopped signing further PPA, the management is exploring further options for selling power through Open Access or signing short term Energy Purchase Agreement (EPA) with MSEDCL. Considering the fact that the WTG commissioning got delayed, the management has carried an impairment assessment basis the discounted cash flows based on expected commissioning of the project in FY 2021-22, 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 and accordingly, the Group has recognised an impairment charge of Rs. 45.42 million in the statement of profit & loss during this year. The management believes that carrying value of the said WTG under the head 'Capital Work- in-Progress' amounting to Rs. 56.38 million as at March, 2021 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.

As at March 31, 2021, based on the internal assessment whether the material can be used in other project of the Group. The Group has reassessed the carrying value of the such material and accordingly the Group has recognized an impairment charge of Rs 258.60 million in the statement of Profit & Loss during the current year.

The amount of borrowing costs capitalised during the year ended March 31, 2021 was Rs 10.82 million (March 31, 2020 Rs 34.95 million). Refer note 17 "Borrowing" for capitalisation rate.

## 5 Intangible assets

| | Goodwill | Customer Contracts | Other intangible assets | Total |
|---|---|---|---|---|
| **Gross Block** | | | | |
| **(At cost)** | | | | |
| **As at April 01, 2019** | **736.36** | **2,072.70** | **51.42** | **2,860.48** |
| Additions made during the year | - | - | 1,715.56 | 1,715.56 |
| **As at March 31, 2020** | **736.36** | **2,072.70** | **1,766.98** | **4,576.04** |
| Additions made during the year | - | - | - | - |
| **As at March 31, 2021** | **736.36** | **2,072.70** | **1,766.98** | **4,576.04** |
| **Amortisation and impairment** | | | | |
| **As at April 01, 2019** | **286.34** | **35.09** | **38.90** | **360.33** |
| Amortisation for the year | - | 96.34 | 64.67 | 161.01 |
| **As at March 31, 2020** | **286.34** | **131.43** | **103.57** | **521.34** |
| Amortisation for the year | - | 95.90 | 66.45 | 162.35 |
| Impairment for the year * | 145.26 | - | - | 145.26 |
| **As at March 31, 2021** | **431.60** | **227.33** | **170.02** | **683.69** |
| **Net book value** | | | | |
| **As at March 31, 2020** | **450.02** | **1,941.27** | **1,663.41** | **4,054.70** |
| **As at March 31, 2021** | **304.76** | **1,845.37** | **1,596.96** | **3,892.35** |

* The Group undertook the impairment testing of Goodwill assigned to each Cash Generating Unit (CGU) as at March 31, 2021 applying value in use approach across all the CGUs i.e. using cash flow projections based on financial budgets covering contracted power sale agreements with procurers (25 years) using a discount rate of 10.15 % per annum. The Group has used financial projections upto 25 years as the tariff rates are fixed as per PPA.
Based on the impairment assessment, after adjusting carrying values of Property, plant and equipment and other intangible assets, the estimated value in use of Bhilwara Green Energy Limited, being one of the Cash Generating Unit (CGU), is less than the value of Goodwill, accordingly the Group has recognised an impairment charge of Rs. 145.26 million (March 31, 2020 Rs Nil million) in the statement of profit & loss in current year. The impairment loss recorded reflects the management's best estimate of the recoverable amount of this CGU, which has been estimated by applying a post-tax discount rate of 10.15%.

The key assumptions used in the value in use calculations for the cash-generating unit are as follows:

| | |
|---|---|
| (i) Discount Rate | 10.15 % Post-Tax Discount rate has been derived based on current cost of borrowing and equity rate of return based on the current market expectations. |
| (ii) Plant load factor (PLF) | Plant load factor for future periods are estimated for each CGU based on report from expert. |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **6** | **Financial assets** | | |
| | **Investment** | | |
| | **Non- current** | | |
| | Investment in equity shares- measured at fair value | 142.37 | - |
| | | 142.37 | - |
| | **Current** | | |
| | Investment in mutual funds | 198.70 | 328.08 |
| | | 198.70 | 328.08 |
| | **Total** | 341.07 | 328.08 |
| | **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, 2020 Nil shares) (refer note 43) | 72.43 | - |
| | 9 equity shares in Clean Solar Power (Eastern Europe) Limited (March 31, 2020 1 share) | 69.94 | - |
| | | 142.37 | - |
| | **Investments at fair value through profit or loss - in unquoted mutual funds** | | |
| | ICICI Prudential Liquid Plan - Growth - Regular plan - Nil units (March 31, 2020 : 34,358.09 units) | - | 10.04 |
| | Nippon India Mutual Fund- Liquid Fund - Growth (Formerly Reliance Liquid Fund- Growth Plan - Growth option), Nil units (March 31, 2020 : 877,693.42 units ) | - | 23.17 |
| | UTI Short Term Income Fund Nil Units(March 31, 2020: 24,54,762 units) | - | 52.94 |
| | Aditya Birla Sun Life Liquid fund - Growth - Regular Plan - 254,281 units (March 31, 2020 : 254,281 units) | 83.74 | 80.80 |
| | SBI Liquid Fund- Growth -35,889.81 units (March 31, 2020: 35,889.81 units) | 114.96 | 111.03 |
| | ICICI Prudential Ultra Short fund - Growth Nil units (March 31, 2020: 2,461,502.53 units) | - | 50.10 |
| | | 198.70 | 328.08 |
| | Aggregate value of unquoted investments | 341.07 | 328.08 |
| | Aggregate amount of impairment in value of investments | - | - |
| | Aggregate value of unquoted investments (net of impairment) | 341.07 | 328.08 |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **7** | **Trade receivables** | | |
| | **Non- current** | | |
| | **Trade receivables** | | |
| | - Receivables considered good - Unsecured; | 7.59 | - |
| | | 7.59 | - |
| | **Current** | | |
| | **Trade receivables*** | | |
| | - Receivables considered good - Secured; | 100.00 | 102.19 |
| | - Receivables considered good - Unsecured; | 7,523.98 | 6,108.75 |
| | - Receivables - credit impaired | 243.64 | 126.46 |
| | | 7,867.62 | 6,337.40 |
| | **Impairment Allowance (allowance for bad and doubtful debts)** | | |
| | - Receivables - credit impaired | (243.64) | (126.46) |
| | | 7,623.98 | 6,210.94 |
| | * Trade receivable include the amount of unbilled revenue. Please refer acounting policy on Trade receivable. | 1,128.41 | 1,146.21 |
| | * Trade receivable include the amount receivable from related parties (refer note 34) | 2.06 | 0.94 |

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.

d) Vayu Urja Bharat Private Limited ('the subsidiary'), has entered into a Power Purchase Agreement ('PPA') dated July 28, 2016 with Southern Power Distribution Company of A.P. Limited ('Discom') for selling entire wind energy from proposed 120MW wind power plant for a period of 25 years. As per the terms of PPA, the tariff was determined to be Rs. 4.84 per unit and the subsidiary is also entitled to benefit of Generation Based Incentives ('GBI').

Discom vide their petition no. O.P. no. 1 / 2017 dated February 14, 2017 filed with Andhra Pradesh Electricity Regulatory Commission ('Commission') has requested the Commission to amend tariff order and incorporate a condition to pass on GBI amount to Discom, as Discom had not factored in GBI benefit to Power producers while approving the tariff of Rs. 4.84 per unit.

APREC vide order dated July 28, 2018 permitted Discom to deduct the amounts so claimed and availed towards such Generation Based Incentive by the subsidiary and only pay the balance of tariff payable. Aggrieved by the order of APERC, the subsidiary filed the petition in High Court of Hyderabad, who vide order dated August 23, 2018 has granted interim stay on order issued by APERC and has directed Discom to remit the amounts that were withheld on the GBI related account. Further, the subsidiary has issued the contempt notice to APSPDCL through its legal counsel vide letter dated November 19, 2018 and follow up contempt notice on February 05, 2019 for not following the order of High Court. Interlocutory application has been filed for expedited hearing & compliance pending before the HC. There is no date assigned for listing of the matter yet.
The management is of the view that collectibility of the amount withheld by discom is certain and accordingly revenue has been recognised in the consolidated financial statement.

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

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| 8 | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | - Current account | 2,522.58 | 3,865.96 |
| | - Deposits with original maturity of three months or less | 1,230.53 | 23.78 |
| | Cash on hand | 0.01 | 0.05 |
| | | 3,753.12 | 3,889.79 |

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, 2021 | As at March 31, 2020 |
|---|---|---|
| Balances with banks: | | |
| - Current account | 2,522.58 | 3,865.96 |
| - Deposits with original maturity of three months or less | 1,230.53 | 23.78 |
| Cash on hand | 0.01 | 0.05 |
| Bank overdraft (refer note 17) | (3,850.34) | (1,955.26) |
| | (97.22) | 1,934.53 |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| 9 | **Other bank balances** | | |
| | Deposits with original maturity for more than 3 months but less than or equal to 12 months* | 2,758.28 | 4,647.08 |
| | | | - |
| | | 2,758.28 | 4,647.08 |
| | * includes deposits held as margin money against bank guarantee and short term loan. | 1,552.42 | 4,631.68 |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| 10 | **Other financial assets** | | |
| | **Non- current** | | |
| | Deposits with original maturity of more than 12 months* | 192.03 | 79.64 |
| | Security deposits | 69.36 | 57.57 |
| | Less: provision for doubtful advance | (0.76) | (0.76) |
| | Derivatives not designated as hedges: | | |
| | - Currency and interest rate swaps | - | 142.04 |
| | | 260.63 | 278.49 |
| | **Current** | | |
| | Loan to related parties (refer note 34) | 1,639.72 | - |
| | Deposits with original maturity of more than 12 months* | 112.72 | 147.84 |
| | Accrued Interest on fixed deposits | 14.15 | 11.03 |
| | Accrued interest on loan to related parties | 10.63 | - |
| | Security deposits | 4.34 | 6.11 |
| | Other receivables | 84.53 | 33.71 |
| | Less: provision for doubtful debts (refer note 37 (c) (iii) (i)) | (34.53) | - |
| | | 1,831.56 | 198.69 |
| | **Total** | 2,092.19 | 477.18 |
| | * Includes fixed deposit with interest under lien held as margin money | 137.62 | 28.98 |

| **a) Break up of financial assets carried at amortised cost:** | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade receivables (Refer to note 7) | 7,631.57 | 6,210.94 |
| Cash and cash equivalents (Refer to note 8) | 3,753.12 | 3,889.79 |
| Other bank balances (Refer to note 9) | 2,758.28 | 4,647.08 |
| Other financial assets (Refer to note 10) | 2,092.19 | 335.14 |
| **Total** | 16,235.16 | 15,082.95 |

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

| **b) Break up of financial assets carried at fair value through profit or loss:** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Investment (Refer to note 6) | 341.07 | 328.08 |
| Derivatives not designated as hedges: | | |
| - Currency and interest rate swaps (refer Note 10) | - | 142.04 |
| | 341.07 | 470.12 |

| 11 | **Other assets** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| | (Unsecured, considered good, unless otherwise stated) | | |
| | **Non- current** | | |
| | Balance with government authorities | - | 4.96 |
| | Capital advances | 453.33 | 513.89 |
| | Less: Provision for doubtful capital advances | (107.72) | (107.72) |
| | Prepaid expenses | 83.23 | 75.39 |
| | Prepaid gratuity (funded) net of provision for gratuity | 9.13 | 8.79 |
| | Deferred asset * | 163.37 | 165.08 |
| | Contract Assets** | 275.17 | 215.87 |
| | Other receivable | 35.00 | 33.06 |
| | | 911.51 | 909.32 |
| | **Current** | | |
| | Balance with government authorities | 164.77 | 99.07 |
| | Advance to Vendors | 335.63 | 196.55 |
| | Less: provision for doubtful advance (refer note 37 (c) (iii) (i)) | (40.92) | - |
| | Prepaid expenses | 212.66 | 193.50 |
| | Advance to employees | 13.93 | 3.35 |
| | Deferred asset* | 7.61 | 7.63 |
| | Other receivables | 68.12 | 3.51 |
| | | 761.80 | 503.61 |

*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, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| | Advance Income Tax (Net) * | 532.04 | 1,314.40 |
| | | 532.04 | 1,314.40 |
| | * net of provision for tax | 132.90 | 511.60 |

| 13 | **Inventories** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| | Raw materials (at lower of cost and net realisable value) | 35.07 | 41.74 |
| | Stores and spares | 23.96 | - |
| | | 59.03 | 41.74 |

| | | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| 14 | **Assets classified as held for sale** | | |
| | The following assets were reclassified as held for sale | | |
| | Freehold land | - | 5.82 |
| | | - | 5.82 |

During the year ended March 31, 2020, one of the subsidiary had decided not to pursue the 250 MW Wind Power Project proposed in the state of Tamil Nadu wherein the subsidiary had filed an application for 250 MW Power Evacuation clearance with TANGEDCO under Hero Wind Energy Private Limited (HWEPL) in order to secure NOC for land locations and accordingly, the HWEPL has entered into agreement with RBA Power Private Limited ('RBA') for land development. As at March 31, 2020, the subsidiary had classified the land as held for sale as it believes that the carrying amount of the asset will be recovered principally through a
sale rather than through continuing use and the sale is highly probable.

Further, during the year ended March 31, 2021, vide MOU dated November 23, 2020, the HWEPL has transferred the receivable rights from RBA amounting to Rs. 19.08 million into the subsidiary. Further, vide settlement agreement with RBA dated November 23, 2020, the subsidiary has entered sale agreement with JSW Renew Energy Limited dated November 26, 2021 and accordingly, the subsidiary has sold the land and recognised profit on sale of land amounting to Rs 20.20 million and written off (including security deposit) amounting to Rs. 17.36 million which was receivable from RBA in the statement of profit and loss account for the year ended March 31, 2021.

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

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **15 Equity Share Capital** | | |
| **Authorised share capital (Post amalgamation)** | | |
| Equity Share capital | | |
| 787,500,000 (March 31, 2020: 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, 2020: 7,039,284) equity shares of Rs. 10 each | 70.41 | 70.40 |
| | **70.41** | **70.40** |

**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, 2019 | 787,500,000 | 7,875.00 |
| Increase/(decrease) during the year | - | - |
| **Balance as at March 31, 2020** | **787,500,000** | **7,875.00** |
| Increase/(decrease) during the year | - | - |
| **Balance as at March 31, 2021** | **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, 2019 | 5,120,450 | 51.21 |
| Increase/(decrease) during the year | 1,918,834 | 19.19 |
| **Balance as at March 31, 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** |

**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, 2021** | **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, 2020** | **No. of shares** | **Holding %** |
|---|---|---|
| Hero Future Energies Asia Pte. Limited (holding company) along with its nominee* | 7,039,284 | 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.

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

## 16 Other Equity

| **Retained Earnings** | **Amount** |
|---|---|
| **Opening Balance (April 1, 2019)** | **(5,705.86)** |
| Add:- Deficit in statement of profit and loss | (4,566.27) |
| Add:- Other comprehensive expense | (6.83) |
| **Closing Balance (March 31, 2020)** | **(10,278.96)** |
| Add:- Deficit in statement of profit and loss | (5,448.54) |
| Add:- Other comprehensive income | 4.84 |
| Less: Transfer from debenture redemption reserve | 90.67 |
| **Closing Balance (March 31, 2021)** | **(15,631.99)** |

**Other Reserves**

| **Securities premium** | |
|---|---|
| **Opening Balance (April 1, 2019)** | **21.21** |
| Add:- Addition during the year | 3,367.55 |
| Less:- Share Issue Expenses | (3.39) |
| **Closing Balance (March 31, 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** |
| **Debenture Redemption Reserve** | |
| **Opening Balance (April 1, 2019)** | 300.26 |
| Add:- Addition during the year | - |
| **Closing Balance (March 31, 2020)** | **300.26** |
| Add:- Addition during the year | - |
| Less:- Utilised during the year | (90.67) |
| **Closing Balance (March 31, 2021)** | **209.59** |
| **Capital Reserve** | |
| **Opening Balance (April 1, 2019)** | **2,176.84** |
| Add:- Addition during the year* | 881.11 |
| Less:- Others | (4.23) |
| **Closing Balance (March 31, 2020)** | **3,053.72** |
| Add:- Addition during the year* | 136.61 |
| Less:- Others | (1.66) |
| **Closing Balance (March 31, 2021)** | **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 subsidiaries have not created any DRR during the year ended March 31, 2021.

**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, 2020, the company received Rs. 4,152.19 million in the form of Compulsorily Convertible Preference Shares from ABU DHABI FUTURE ENERGY COMPANY PJSC-MASDAR ("Masdar") and Hero Future Energies Global limited. The discounted value of the instrument i.e Rs. 3,028.09 million on the date of transaction is treated as debt and balance value of Rs. 881.11 million, net of deferred tax is treated as capital reserve.

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.

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **17 Borrowings** | | |
| **Non- current** | | |
| **Secured** | | |
| Term loan from banks | 7,965.10 | 12,430.89 |
| Term loans from Financial Institution | 21,103.49 | 37,932.37 |
| Non-Convertible Debentures | 2,962.57 | 1,668.69 |
| Buyer's credit | 6,886.81 | - |
| **Unsecured** | | |
| Cumulative Compulsorily Convertible Preference Share | 20,774.52 | 18,279.90 |
| Optional Convertible Cumulative Debentures | 104.30 | - |
| Compulsory Convertible Debentures | 83.20 | 83.20 |
| | 59,879.99 | 70,395.05 |
| **Current** | | |
| **Secured** | | |
| Buyer's Credit | - | 7,061.21 |
| Commercial Papers | - | 2,253.21 |
| Term Loans from banks | 4,792.68 | 4,607.47 |
| Term loans from Financial Institution | - | 100.00 |
| Long Term borrowings- current | 7,799.17 | 9,105.98 |
| Current maturities of long term borrowings (refer note below) | 28,253.15 | 3,252.07 |
| Non-Convertible Debentures | 892.52 | 6,964.42 |
| Bank Overdraft | 3,196.74 | 1,846.36 |
| Working Capital facility | 111.50 | 70.00 |
| **Unsecured** | | |
| Term Loans from banks | 1,000.00 | - |
| Term Loan from related parties | 2,490.67 | 1,993.67 |
| Term Loan from others | 7.50 | 7.50 |
| Working Capital facility | 500.00 | - |
| Bank overdraft | 653.60 | 108.90 |
| | 49,697.53 | 37,370.79 |
| Less: Amount clubbed under "other financial liabilities-current" (refer note 19) | (28,253.15) | (3,252.07) |
| | 21,444.38 | 34,118.72 |
| **Total** | 81,324.37 | 104,513.77 |

a) Long Term Loan from Banks and Financial Institutions attract interest rate ranging from 9%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 @ 3.85% 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.

| Entity name | Nature of Lender | Amount (in millions) | Payment terms | Security and other details |
|---|---|---|---|---|
| **Term Loan** | | | | |
| Hero Future Energies Private Limited | ICICI Bank Ltd | 427.82 | The principal amount is repayable in 56 structured quarterly instalments starting from August, 18 2016 | Refer Note 1(a) and (27) |
| | Axis Finance Ltd | 986.25 | The Term Loan is repayable in 12 structured quarterly instalments starting from March 31, 2022. | 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 uptil the final settlement date |
| | Akra Fincap Limited | 248.18 | The Term Loan is repayable in four equal half yearly instalments starting after 18 months | 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. |
| | Axis Bank Ltd | 1,000.00 | The Term Loan is repayable as bullet payment in 3 months. | Loan is unsecured. |
| | HSBC Limited | 2,400.00 | The Term Loan is repayable on April 9, 2021. | The Loan is secured by way of corporate guarantee with relevant board resolution and constitutional documents from Hero Wind Energy Pvt. Ltd and Hero Solar Energy Pvt. Ltd for entire amount. |

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

| | | | | |
|---|---|---|---|---|
| Hero Future Energies Private Limited | HSBC Limited | 1,487.68 | The Term Loan is repayable in 4 structured instalments starting from December 30, 2020 till September 30, 2021. | The Loan is secured by way of equity shares/ preference shares/compulsorily convertible debenture held by subsidiaries companies (Hero Wind Energy Pvt. Ltd and Hero Solar Energy Pvt. Ltd) with an asset cover of 1.1X and corporate guarantee with relevant board resolution and constitutional documents from Hero Wind Energy Pvt. Ltd and Hero Solar Energy Pvt. Ltd for entire amount. |
| Clean Solar Power (Tumkur) Private Limited | Aditya Birla Finance Limited | 1,884.39 | The loan is repayable in 73 structured quarterly instalments starting from March 31, 2019 | Refer Note (2) and (27). |
| | PTC India Financial Service Ltd | 2,199.69 | | |
| | Indian Renewable Energy Development Agency | 3,917.32 | | |
| | Indian Renewable Energy Development Agency | 81.31 | The loan is repayable at the end of 3 years from disbursement date | |
| Rajkot(Gujarat) Solar Energy Private Limited | ICICI Bank | 810.14 | The long term loan from banks and financial institutions shall be repayable in 72 structured quarterly instalments starting from June 30, 2018- Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan facility is reclassified from Non-current to current borrowing. | Refer Note (3) ,(27) and (28) |
| | India Infrastructure Finance company Ltd | 486.46 | | |
| | Union bank | 789.00 | | |
| Clean Solar Power (Chitradurga) Private Limited | Indusind Bank Ltd. | 253.64 | The bank loan shall be repayable in 68 quarterly structured instalments starting from June 30, 2018. | Refer Note (4) |
| | Union Bank of India | 862.02 | | |
| | PTC India Financial Service Ltd | 779.55 | The loan shall be repayable in 59 quarterly structured instalments starting from December 31, 2020. | |
| Clean Solar Power (Dhar) Private Limited | ICICI Bank Limited | 7.38 | The term Loan Tranche A facility is repayable in Five structured equal annually instalments, starting from March 31, 2017and tranche B facility is repayable in 76 structured quarterly instalment starting from June 30, 2016. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (5) and (28) |
| | INDIA INFRADEBT LTD | 681.75 | | |
| | Indian Bank Limited | 229.80 | | |
| Clean Solar Power (Gulbarga) Private Limited | L & T Infrastructure Finance Company Ltd | 4,282.23 | Loan is repayable in 78 structured quarterly instalments starting from June 30, 2018.Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (6) and (28) |
| | Tata Cleantech Capital Ltd | 893.00 | | |
| | PTC India Financial Service Ltd | 1,616.27 | | |
| | | | | |
| | Union Bank of India | 1,788.00 | | |
| | L & T Finance Co. Ltd | 519.20 | | |
| Clean Wind Power (Ratlam) Private Limited | ICICI Bank Ltd | 1,349.87 | The subsidiary shall repay the total drawdown amount in 72 structured quarterly instalments, starting from 30th June 2017. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (7) ,(27) and (28) |
| | NABARD | 648.75 | | |
| | Oriental Bank of Commerce | 878.41 | | |
| | India Infrastructure Finance company Ltd | 1,168.01 | | |
| | Indian Bank Ltd | 439.83 | | |
| | The South Indian Bank Ltd | 439.48 | | |
| | ICICI Bank Ltd (Working Capital Term loan) | 152.41 | The subsidiary shall repay the total drawdown amount in 12 structured quarterly instalments, starting from fifth quarter from the SCOD i.e. June 30, 2021. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (7) ,(27) and (28) |
| Clean Wind Power (Piploda) Private Limited | L&T Infrastructure Finance Company Limited | 716.36 | Repayment shall be made in 76 (seventy-six) quarterly instalments starting on April 1, 2018. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (8) and (28) |
| | Tata Cleantech Capital Limited | 835.00 | | |
| Clean Wind Power (Satara) Private Limited | State Bank of India | 782.81 | The loan is repayable in 48 quarterly structured instalments from June 30, 2015.Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (9) and (28) |
| Bhilwara Green Energy Limited | IFC | 296.76 | This loan is repayable in half yearly structured instalments starting from April 15, 2013 till April 15, 2025. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (10) (a) and (28) |
| Clean Wind Power (Bableshwar) Private Limited | Aditya Birla Finance Limited | 1,526.38 | The loan shall be repaid in 68 (sixty eight) structured quarterly instalments on the Repayment Date(s), commencing from June 30, 2018. Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (11) and (28) |
| Clean Wind Power (Devgarh) Private Limited | India Infradebt Limited | 1,697.46 | The Term Loan is repayable 66 structured quarterly instalments starting from March 31, 2018 | Refer Note (12) |
| | L&T Infrastructure Finance Company Ltd. | 874.51 | | |
| | Aditya Birla Finance Limited | 1,697.67 | | |
| | L&T Finance Company Limited | 5.50 | | |
| | L & T Infra debt Fund Limited | 1,715.00 | | |

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

| | | | | |
|---|---|---|---|---|
| Vayu Urja Bharat Private Limited | Union Bank of India | 1,319.00 | The loan is repayable in 66 structured quarterly instalments starting from June 30, 2018 and ending on September 2034 | Refer Note (13) and (27). |
| | South Indian Bank Ltd | 435.34 | | |
| | Indian Renewable Energy Development Agency | 3,469.58 | | |
| | PTC India Financial Service Ltd | 2,547.10 | | |
| LNJ Power Ventures Limited | Yes Bank | 249.77 | The loan is repayable in 52 quarterly instalments starting from June 30, 2014. | Refer Note (14) |
| | IFC | 243.94 | The loan is repayable in 26 half-yearly instalments starting from October 15, 2014. | |
| Clean Wind Power (Manvi) Private Limited | India Infradebt Ltd | 2,413.63 | The Term Loan is repayable in 68 structured quarterly instalments starting from December 31,2019. | Refer Note 15(a) and (27). |
| | Aditya Birla Finance Ltd | 933.17 | The Term Loan is repayable in 64 structured quarterly instalments starting from June 30,2019 including the moratorium period of 6 months. | Refer Note 15 (b) and (27). |
| Clean Wind Power (Pratapgarh) Private Limited | Tata Cleantech Capital Limited | 425.87 | The loan amount is repayable in 56 structured quarterly instalments commencing from June 30, 2015. | Refer Note (22) and (27) |
| Clean Solar Power (Bhadla) Private Limited | Indusind Bank Ltd | 235.27 | 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 (23) |
| | State Bank of India | 3,516.12 | 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. | |
| Clean Solar Power (Bellary) Private Limited | ICICI Bank Ltd. | 806.63 | The Term Loan is repayable in 70 consecutive structured quarterly instalments commencing from Dec 31, 2018 | Refer Note (20) and (27). |
| Hero Solar Energy Private Limited | Indusind Bank Ltd | 1,579.00 | The term loan is repayable in 6 quarterly structured instalments starting from December 20, 2020 | Refer Note (24) |
| | Indusind Bank Ltd | 2,064.00 | The Loan is repayable in 13 quarterly structured instalments starting from September 30, 2021 | Refer Note (25) |
| | HSBC Limited | 905.00 | The maximum tenor of loan is 12 months with initial tenor of 01 months call/put option which is payable as a bullet repayment at the end of the tenor | The Loan amount is secured exclusively through SBLC from HSBC Bank and 100% deposit under lien (DUL) to over principal and one month interest. |
| | L & T Infrastructure Finance Company Ltd | 1,556.57 | The Term Loan is repayable in 7 structured quarterly instalments starting from October 01, 2020. | Refer Note 26 |
| | Akra Fincap Limited | 495.99 | The Loan is repayable in 4 structured instalments starting from 18th month | The Loan is secured exclusively through pledge of CCD/Equity/CCPS/ by HSEPL to SPV, Hypothecation of shareholder loan given by SPV. |
| Waaneep Solar Private Limited | Bank Of Baroda | - | Terms loan is repayable in 64 structured quarterly instalments, starting from July 1, 2017 | During the year, the existing term loan of lender has down sold to L&T Infrastructure Finance Limited and existing facility with multiple lenders have been terminated. |
| | Central Bank of India | - | Term loan is repayable in 64 structured quarterly instalments, starting from April 1, 2017 | |
| | Union bank of India (Gurrmakonde Project) | - | Term loan is repayable in 64 structured quarterly instalments, starting from April 1, 2017 | |
| | Union bank of India (Ichchawar Project) | - | Repayable in 60 structured quarterly instalments, starting from July 2016 and 5 structured equal annual instalments starting from June 2016. | |
| | L&T Infrastructure Finance Limited | 2,327.87 | The Term Loan is repayable in 62 structured quarterly instalments starting from September 30, 2020 | Refer Note (21). |
| **Total** | | **69,379.14** | | |
| | | | | |
| **Non-Convertible Debentures** | | | | |
| Bhilwara Green Energy Limited | Non-Convertible Debentures | 798.50 | Non-Convertible debentures are redeemable at scheduled redemption date as per trust deed from financial year 2014-15 to 2024-25. The aggregate of the face value of debentures along with interest on debentures compounded annually shall be the time of redemption on relevant Scheduled redemption date. Redemption of NCD is structured in quarterly instalments and all the debentures will be redeemed by FY 2024-25 (NCD series B by FY 20-21 & NCD Series C by FY 2024-25).<br>Subsequent to the March 31, 2021, all the loan is prepaid by the subsidiary along with pre-payment charges. Accordingly; loan is reclassified from Non-current to current borrowing. | Refer Note (16) |

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

| | | | | |
|---|---|---|---|---|
| Hero Solar Energy Private Limited | Non-Convertible Debentures | 2,219.81 | Non-Convertible debentures are repayable in 5 instalments starting from July 15, 2023 to July 15, 2025. Further, vide amended agreement dated April 15, 2021 after the Bond issuance , the subsidiary along with Hero Wind Energy Private Limited is required to pay the USD 10 million on or before July 15, 2021 on prorate basis of outstanding debenture and accordingly proportionate amount of RS. 441.62 million is shown as "Current maturities of long term borrowing" under other financial liabilities. | Refer Note (17) |
| | | | During the year, the subsidiary has paid the 9.995% Non-convertible debenture principal amounting to Rs 3,750.00 million. | |
| Hero Wind Energy Private Limited | Non-Convertible Debentures | 1,478.72 | Non-Convertible debentures is payable in five instalments starting from July 15, 2023 to July 15, 2025. Further, vide amended agreement dated April 15, 2021 after the Bond issuance, the subsidiary along with Hero Solar Energy Private Limited is required to pay the USD 10 million on or before July 15, 2021 on prorate basis of outstanding debenture and accordingly proportionate amount of Rs. 294.34 million is shown as "Current maturities of long term borrowing" under other financial liabilities. | Refer Note (18) |
| | | | During the year ended March 31, 2021, the subsidiary has paid the 10.75% and 9.95% Non-convertible debenture principal amounting to Rs 2,450.00 million and debenture premium amounting to Rs. 1,182.40 million thereon. | |
| Clean Wind Power (Anantapur) Private Limited | Non-Convertible Debentures | 892.52 | Tenure of debentures is 12 months from the allotment date. | Refer Note (19). |
| | | **5,389.54** | | |
| | | | | |
| **Buyer's credit/ SBLC** | | | | |
| Clean Solar Power (Bhadla) Private Limited | Indusind Bank Ltd. | 6,886.81 | The maturity date of Buyer's credit is as follows:<br>(a) Bank of Baroda , Giftcity- Jun- Oct'22<br>(b) State Bank of India, Shanghai-Aug- Nov'22<br>(c) State Bank of India, Israel- Apr'22-Mar'23<br>(d) State Bank of India, Sydney- Apr-May'22 | Refer Note (23) |
| **Total** | | **6,886.81** | | |
| | | | | |
| **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. | 20,774.52 | Refer Note 1(b) to 1( e) | Refer Note 1(b) to 1( e) |
| **Total** | | **20,774.52** | | |
| **Compulsory Convertible Debentures** | | | | |
| LNJ Power Ventures Limited | RSWM Limited | 83.20 | The CCDs shall have a maturity period of 20 years. CCDs shall be converted into equity of the issuer, based on the Fair market value at the end of 20th anniversary of the issuance of CCDs. CCDs shall carry coupon of 14% | CCD is unsecured and shall carry coupon of 14% annualised yield (i.e Internal rate of return) on the face value. |
| **Total** | | **83.20** | | |
| | | | | |
| **Optionally Convertible Debentures** | | | | |
| Hero Solar Energy Private | O2 Power SG PTE Ltd | 104.30 | 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% |
| **Total** | | **104.30** | | |
| | | | | |
| | | | | |
| **Short term Loan** | | | | |
| **Loan from Related Party** | | | | |
| Hero Wind Energy Private Limited | Hero Fincorp Limited | 2,490.67 | The tenure of the loan is 11 to 12 months and principal amount of Rs 1,000.00 million is repayable in two equated monthly instalments starting from 10th and 11th month from the date of disbursement and remaining Rs 2,500.00 million ( undiscounted value) is repayable in two equated monthly instalments starting from 11th and 12th month from the date of disbursement. During the year ended March 31, 2021, the subsidiary has repaid the loan facility amounting of Rs 1,000.00 million which is disbursed against sanction letter dated April 02, 2020. | Unsecured |
| | | | | |
| **Total** | | **2,490.67** | | |
| | | | | |

| | | | | |
|---|---|---|---|---|
| **Bank Overdraft** | | | | |
| Hero Future Energies Private Limited | Bank Overdraft - HDFC Bank LTD. | 493.71 | Repayable on demand | Unsecured |
| | Bank Overdraft - Indusind Bank | 498.42 | Repayable on demand | Secured |
| | Bank Overdraft - ICICI Bank Ltd | 19.32 | Repayable on demand | Unsecured |
| | Bank Overdraft - AXIS BANK LTD. | 150.56 | Repayable on demand | Secured |
| Hero Wind Energy Private Limited | Kotak Mahindra Bank Ltd | 498.63 | Repayable on demand | The loan is fully secured against the fixed deposit amount given by borrower or any group company and corporate guarantee given by security provider " Clean Solar Power ( Jodhpur) Private Limited" |
| | Axis Bank Ltd | 100.68 | Repayable on demand | The facility is secured against letter of comfort and post -dated cheque of Hero Future Energies Private Limited |
| Hero Solar Energy Private Limited | Kotak Mahindra Bank Ltd | 155.26 | Repayable on demand | The Overdraft is fully secured against the fixed deposit given by group company "Clean Solar Power (Jodhpur) private Limited". |
| | IndusInd Bank Ltd | 951.69 | Repayable on demand | The Overdraft is fully secured against the fixed deposit given by the company. |
| | Axis Bank Ltd | 150.60 | Repayable on demand | The Overdraft is secured by way of letter of comfort of Holding Company Hero Future Energies Private Limited signed by director and post-dated cheques of Holding Company Hero Future Energies Private Limited. |
| Clean Solar Power (Tumkur) Private Limited | Bank Overdraft - HDFC BANK LTD. | 197.53 | Repayable on demand | Secured by a pari passu charge over the current assets |
| Vayu Urja Bharat Private Limited | Bank Overdraft - Axis BANK | 397.31 | 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 pertaining to 120 MW wind project |
| Clean Wind Power (Devgarh) Private Limited | Bank Overdraft - Axis BANK | 92.13 | Repayable on demand | Secured by a pari passu charge over the current assets and movable assets |
| Clean Wind Power (Ratlam) Private Limited | Bank Overdraft - ICICI Bank Ltd | 144.51 | Repayable on demand | Unsecured |
| **Total** | | **3,850.34** | | |
| | | | | |
| **Working Capital facility** | | | | |
| | | | | |
| Clean Wind Power (Piploda) Private Limited | L&T infrastructure finance company limited | 111.50 | Repayable on demand | Secured by way of hypothecation on all Current assets, movable assets and assignment of project contracts. |
| Hero Solar Energy Private Limited | Federal Bank | 500.00 | The loan is to repaid within 180 days from the sanction date i.e March 24, 2021 | Unsecured |
| | | **611.50** | | |
| **Term Loan from others** | | | | |
| Waaneep Solar Private Limited | Jet Infraventure Limited | 4.45 | Borrower repayment of the loan along with the interest then outstanding and the Borrower shall be liable to repay the loan in full along with interest thereon without any objection and/or demur at completion of 24 months or earlier date or on the extended date as then mutually agreed between both the parties. | Unsecured |
| | Harshok Properties Private Limited | 1.73 | The Outstanding Amount will be payable by the subsidiary to the Lender on or before [September 30, 2019] or such other date as mutually agreed by the Parties in writing | Unsecured |
| | Thar Commercial Finance Private Limited | 0.64 | Repayment of principal amount of loan shall be made at the end of the tenure i.e. May 14, 2020 or any time before tenure with mutual consent of the parties | Unsecured |
| | Waaree Energies Limited | 0.68 | The Outstanding Amount will be payable by the subsidiary to the Lender on or before [September 30, 2019] or such other date as mutually agreed by the Parties in writing | Unsecured |
| **Total** | | **7.50** | | |
| | | | | |
| **Total** | | **109,577.52** | | |

**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 Loan is secured by way of first charge of equitable mortgage over the entire immovable properties of the said subsidiary, over all the movable fixed assets including but not limited to 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 but not limited to book debts, operating cash-flows, receivables, commissions, revenues, first charge on all Project accounts including but not limited to Trust and Retention account; and

Pledge over Equity Shares representing 51% percent of the Equity Shares of the Borrower in favour of the Lenders/Security Trustee and first charge/assignment of 51% of Sponsor debt/equity instruments considered as Sponsor Contribution.

**Non Creation of Security Charge**
As per the terms of Loan agreement entered by the subsidiary with the lenders, the subsidiary is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both. As at March 31, 2021 , the subsidiary did not create the complete security within stipulated date and failed to comply with financial covenants in terms of TLTD/ATNW ratio. Further, the subsidiary intimated ABFL, PFS and IREDA of the delay in creation of security due to reasons which are not in the control of the subsidiary and had requested approval/confirmation for no intention to recall the facility prior to March 31, 2022 and for extension of timeline in security creation. ABFL and PFS have given confirmation via emails that they do not intend to recall the credit facility extended to the subsidiary prior to March 31, 2022. Accordingly, in case of ABFL and PFS current and non-current classification of related debt is based on contractual maturity i.e without considering the right of lender for any debt recall option. IREDA has been classified as current borrowing.

(3) The Loan is secured by way of first right over the revenue land allotted for the Project vide substitution letter issued by the Commissioner, New and Renewable Energy, Bhopal, all the movable fixed assets including but not limited to plant and machinery, machinery spares, tools, spares and accessories of the Project by way of hypothecation, Assignment of rights and interests under Project Documents to the satisfaction of Lenders (for the purpose of this clause Project Documents shall mean and include Power Purchase Agreement, Module Supply Contract, Transmission Connectivity Approval, EPC Contract and O & M Contract), hypothecation on all current assets of the Project (present and future) including but not limited to book debts, operating cash-flows, receivables, commissions, revenues, first charge on all Project accounts including but not limited to Trust and Retention account; and Pledge over Equity Shares (in the dematerialized form) representing a minimum of 51% percent of the Equity Shares of the Borrower in favour of the Lenders/Security Trustee.

(4) 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 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 such that the voting right does not fall below 51%.

Per the terms of Loan agreements entered by the subsidiary with its lender is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both.

As at March 31, 2021 and March 31, 2020, the subsidiary did not meet the debt covenant in respect of security creation and as at March 31, 2020, the subsidiary did not meet the debt covenant in respect of DSCR. Non-compliance of covenants gives right to IndusInd Bank and UBI to demand a repayment of the entire loan or such part of loans. Hence, the subsidiary has classified loan of IndusInd Bank as Current Liability as at March 31, 2021 and March 31, 2020. However, in case of loan from UBI, lender vide email dated March 31, 2020 and March 25, 2021, has confirmed that it will not recall the credit facility till March 31, 2021 and March 31, 2022 respectively. Accordingly, current and non-current classification of related debt is based on contractual maturity i.e without considering the right of lender for any debt recall option.

(5) The Loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable properties of the said 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, VGF disbursements from SECI and revenue of all nature. It also includes pledge of 51% shares of the subsidiary held by Hero Solar Energy Private Limited.

(6) The Loan is secured by way of by a first ranking Security Interest in favour of the Security Trustee, charge by way of hypothecation on all movable assets of the said subsidiary including, moveable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, on all current assets including but not limited to book debts, operating cash flows, receivables, commissions, VGF SECI, revenue, charge over all bank accounts of the Borrower, pertaining to the Project including without limitation, the Trust and Retention Account, Debt Service Reserve Account and other reserves, charge on all intangible assets of the Borrower including but not limited to goodwill, intellectual property rights, uncalled capital of the Borrower and undertakings, present and future, pertaining to the Project.
Pledge of 51% of the equity shares, preference shares, quasi- equity instruments and convertible debt instruments of the subsidiary.

7) (a) The amount is secured (together with all principal interest, liquidated damages, fees costs, charges, expenses and other monies and all other amounts stipulated and payable to the lender) by:

First charge over the entire immovable properties of the borrower in the following manner :
i. Security interest to be created w.r.t private land of the borrower to be created and perfected in favour of the lenders/security trustee within 6 months from SCOD; and

ii. Submission of original copy of substitution letter from MPNERD on the revenue land allotted to the subsidiary and document noting the name of the security trustee (acing in trust and for the benefit of the lenders of the project)/the facility agent (as the case may be)
iii. First charge over all the movable fixed assets including but not limited to plant & machinery, machinery spares, tools, spares and accessories of the Project by way of hypothecation

iv. First charge on all or any of the rights under the Project Documents including Power Purchase agreements, documents, insurance policies relating to the Project, rights, titles, permits / approvals, clearances and all benefits incidental thereto of the Project except to the extent not permitted by government authorities / law

v. First charge by way of hypothecation on all current assets of the Project (present and future) including but not limited to book debts, operating cash-flows, receivables, commissions, revenues of whatsoever nature and wherever arising

vi. First charge on all Project accounts including but not limited to Trust and Retention account
vii. Pledge over shares (in the dematerialized form) representing a minimum of Fifty One percent (51%) of the total paid up share capital of the Borrower in favour of the Lenders/Security Trustee. Pledge of shares is subject to section 19 (2) &(3) of the BR act, 1949.

viii. Securities as listed above shall be shared on pari passu basis with senior debt, working capital term loan.

(8) The loan is secured by way of hypothecation on all movable, immovable, intangible and Current assets of the said subsidiary both present and future, pertaining to the Project and pledge of 51% of the equity shares, preference shares and 51% of the Optionally Convertible Cumulative Debentures ("OCCD") of the said subsidiary.

(9) The Loan amount is secured by way of first 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 assignment by way of security of subsidiary's right and interests in the PPA executed with the 3 State distribution Utilities and insurance contracts. It also includes pledge of shares of the subsidiary held by Hero Wind Energy Private Limited.
This term loan facility is secured by way of corporate guarantee amounting to Rs 1,263.20 million given by Hero Future Energies Private Limited and Hero Wind Energy Private Limited jointly on behalf of the subsidiary.

(10) International Finance Corporation (IFC), Washington had sanctioned a term loan Rs 687.00 million. The loan is secured by first pari passu charge over the security mentioned as follows:
(i) On all the said subsidiary's immovable properties (excluding Reserve Forest Land) /assets both existing and future pertaining to the Project.
(ii) Hypothecation of said subsidiary's all movable, tangible and intangible assets, receivables, cash, investments and bank accounts, present and future, of the Issuer along with operating cash flows, book debts and receivables, commissions and any other revenues of whatsoever nature and wherever arising, present and future, of the Issuer and the insurance policies) relating to the project
(iii) Pledge of 74% of shares outstanding of the said subsidiary (Issuer), present and future.
(iv) Assignment of all contracts, documents, insurance, clearances and interests, present and future, of the Issuer except where it is not allowed under the contract.

(11) The Loan amount is secured by way of first charge of hypothecation and mortgage of all movable and immovable properties of the said subsidiary (present and future) 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 pertaining to the project. It also includes pledge of 51% shareholding of the said subsidiary.

(12) 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.

(13) (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.

(b) Per the terms of Loan agreement entered by the subsidiary with the Lender the subsidiary is required to meet certain financial and non-financial covenants. In case of non-compliance with these covenants the same would be treated as event of default if not cured. As at March 31, 2020 The subsidiary did not meet the debt covenant in respect of DSCR which gives right to Lender to demand a repayment of the entire loan or such part. However, the lenders IREDA and PTC India Financial services vide email dated March 27, 2020 to April 02,2020, has confirm that it will not recall the credit facility till March 31, 2021, However, in case of South Indian Bank and Union Bank of India subsidiary did not receive waiver letter. Accordingly, current and non-current classification of related debt is based on the waiver letter considering the right of lender for any debt recall option.

However, As at March 31, 2021 The subsidiary meet the debt covenant in respect of DSCR which gives right to Lender to demand a repayment of the entire loan or such part. Accordingly, the loan from banks has been reclassified from current to non-current.

(14) 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 the DSCR covenant in respect of DSCR requirement with the both the lenders . AS per Loan Agreement if the subsidiary fails to meet the certain financial covenants it will be deemed as event of default. In case of event of default, the Lender may demand repayment of entire loan. Accordingly, the subsidiary has reclassified the term loan of yes bank and IFC from Non- current borrowing to Current borrowing.

(15) (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.

Per the terms of Loan agreements entered by the subsidiary with India Infradebt Limited ( IIL) is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both.

As at March 31, 2021, the subsidiary could not meet the non-financial debt covenant in respect of creation of mortgage . However, the lender vide mail dated March 31, 2021 has confirm that it will not recall the credit facility till March 31, 2022. Accordingly, current and non-current classification of related debt is based on contractual maturity i.e without considering the right of lender for any debt recall option.

(15) (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.

Per the terms of Loan agreements entered by the subsidiary with Aditya Birla Finance Limited (Lender) is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both.

As at March 31, 2021, the subsidiary did not meet the non-financial debt covenant in respect of creation of mortgage. However, vide mail dated March 31, 2021 read together with email dated June 09, 2021, the lender has confirmed that they have no intention to recall the credit facility. Accordingly, current and non-current classification of related debt is based on contractual maturity i.e without considering the right of lender for any debt recall option.

(16) The NCD are secured by first pari passu charge with by way of the following :-

(a) On all the said subsidiary's immovable properties (excluding Reserve Forest Land) /assets both existing and future pertaining to the Project.
(b) Hypothecation of said subsidiary's all movable, tangible and intangible assets, receivables, cash, investments and bank accounts, present and future, of the Issuer along with operating cash flows, book debts and receivables, commissions and any other revenues of whatsoever nature and wherever arising, present and future, of the Issuer and the insurance policies) relating to the project
(c) Pledge of 74% of shares outstanding of the said subsidiary (Issuer), present and future.
(d) Assignment of all contracts, documents, insurance, clearances and interests, present and future, of the Issuer except where it is not allowed under the contract.

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

(18) 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.

(19) Debenture are secured by charge over all current and future movable and immovable assets.

(20) 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.

Per the terms of Loan agreements entered by the subsidiary with ICICI Bank Limited (Lender) the subsidiary is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both.

As at March 31, 2021, the subsidiary has executed mortgage documents to the extent of 103 acres out of 124 acres resulting partial creation of security. Also, as at March 31, 2020, the subsidiary was not able to comply with DSCR level as per the agreement. Hence, loan is classified as Current Liability. The subsidiary is in process of obtaining necessary grace period for compliance from the lenders.

(21) The Loan is secured by way of first charge of equitable mortgage over the entire immovable properties of the Subsidiary, over all the movable fixed assets including but not limited to 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 but not limited to book debts, operating cash-flows, receivables, commissions, revenues, first charge on all Project accounts including but not limited to Trust and Retention account; and

Pledge over Equity Shares representing 100% percent of the Equity Shares of the Borrower in favour of the Lenders/Security Trustee and first charge/assignment of 100% of Sponsor debt/equity instruments considered as Sponsor Contribution

As per the terms of Loan agreement entered by the Subsidiary with the lenders, the Subsidiary is required to meet certain financial and non-financial covenants such as Debt service coverage ratio ('DSCR'), Debt to equity 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 penal interest or recall the loan or both. The Subsidiary did not create the security within stipulated date. Thus Lender charged an additional interest of 1% amounting to Rs. 8.33 million in the financial year 2020-21. Further, Lender may by notice, demand a repayment of the entire loan or such part as specified in its notice. Accordingly, the entire loan has been classified as current borrowings.

(22)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.

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

(23) 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.

(24) The Loan amount is secured exclusively through hypothecation/Mortgage of identified roof top solar assets owned by subsidiary, 30% encumbered investment in form of shares/convertible equity instrument, Non-disposable-undertaking with POA of 19% unencumbered investment in form of shares/convertible equity instrument, Assignment/Hypothecation of shareholder loan given by subsidiary CSP(Tumkur) Pvt Ltd and Waaneep Solar Power Limited or any other SPV of HSEPL with minimum book value cover of 1.1x and post dated cheque signed by Director.

(25).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.

(26) The Loan is secured by way of first charge of equitable mortgage over the entire immovable properties of the Subsidiary, over all the movable fixed assets including but not limited to 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 but not limited to book debts, operating cash-flows, receivables, commissions, revenues, first charge on all Project accounts including but not limited to Trust and Retention account; and Pledge over Equity Shares representing 100% percent of the Equity Shares of the Borrower in favour of the Lenders/Security Trustee and first charge/assignment of 100% of Sponsor debt/equity instruments considered as Sponsor Contribution.

**(27).** Reserve Bank of India ('RBI') has announced certain regulatory measures to mitigate the burden of debt servicing on account of COVID-19 outbreak, all the banks, financials institutions and NBFCs were permitted to grant moratorium of six months ('moratorium period') on payment of all instalments falling between March 01, 2020 to August 31, 2020. The company and some of its subsidiaries availed the moratorium and defer the payment of interest and principal repayment up to August 31, 2020.
During the year ended March 31, 2021, the company and its subsidiaries has converted the deferred interest payable amounting to Rs. 751.13 million for moratorium period in term loan . The said deferred interest term loan carries the same rate of interest as applicable for original term loan. The lender wise details of same is as follows;

| S.No. | SPV Name | Lender | Amount ( in million) | Repayment terms |
|---|---|---|---|---|
| 1 | Hero Future Energies Private Limited | ICICI Bank Ltd | 17.43 | Repayable over the tenure of existing loan repayment schedule. |
| 2 | Clean Wind Power ( Pratapgarh) Private Limited | Tata Cleantech Capital Limited | 18.86 | Repayable at the end of the tenure of loan |
| 3 | Clean Wind Power ( Manvi) Private Limited | India Infradebt Limited | 39.43 | Repayable over the tenure of existing loan |
| | | Aditya Birla Finance Limited | 15.48 | Repayable at the end of the tenure of loan i.e. March 31, 2035 |
| 4 | Vayu Urja Bharat Private Limited | PTC India Financial limited | 111.44 | Repayable at the end of the tenure of loan in two instalment quarterly starting from March 31, 2035 to June 30, 2035 |
| | | Union Bank of India | 70.99 | Repayable at the end of the tenure of loan in two instalment quarterly starting from March 31, 2035 to June 30, 2035 |
| | | South Indian Bank | 21.22 | Repayable at the end of the tenure of loan in single instalment starting from March 31, 2035 |
| | | IREDA | 184.92 | Repayable at the end of the tenure of loan in two instalment quarterly starting from March 31, 2035 to June 30, 2035 |
| 5 | Clean Wind Power ( Ratlam) Private Limited | ICICI Bank Ltd | 25.01 | Repayable over the tenure of existing loan repayment schedule |
| | | India Infrastructure finance Limited | 20.06 | Repayable over the tenure of existing loan repayment schedule |
| | | Oriental Bank of commerce | 15.10 | Repayable in three instalment quarterly starting from September 30, 2034. |
| | | South Indian Bank | 7.34 | Repayable over the tenure of existing loan repayment schedule |
| | | Indian Bank | 7.71 | Repayable over the tenure of existing loan repayment schedule |
| | | ICIC Bank Ltd-Working Capital Loan | 2.44 | Repayable over the tenure of existing loan repayment schedule |
| 6 | Rajkot Gujarat Solar Energy Private Limited | ICICI Bank Ltd | 14.09 | Repayable over the tenure of existing loan repayment schedule. |
| | | India Infrastructure finance Limited | 8.32 | Repayable over the tenure of existing loan repayment schedule. |
| | | Union Bank of India | 13.92 | Repayable over the tenure of existing loan repayment schedule. |
| 7 | Clean Solar Power(Tumkur) Private Limited | PTC India Financial limited | 42.10 | Repayable at the end of the tenure of loan |
| | | Aditya Birla Finance Limited | 31.91 | Repayable at the end of the tenure of loan |
| | | IREDA | 69.47 | Repayable at the end of the tenure of loan |
| 8 | Clean Solar Power(Bellary) Private Limited | ICICI Bank Ltd | 13.91 | Repayable over the tenure of existing loan repayment schedule. |
| | **Total** | | **751.13** | |

28. On March 19, 2021, Clean Renewable Power (Mauritius) Pte. Ltd, a wholly owned subsidiary of Hero Future Energies Asia Pte. Ltd. (the "Intermediate Parent) has issued 4.25% Senior Notes due on 2027 (the "Notes") to Qualified Institutional buyers. As per the offering memorandum, net proceeds of this offering shall be used to subscribe the onshore debt (rupee denominated external commercial borrowings in the form of bonds) to be issued by certain Indian Restricted Group Entities. The Indian restricted group shall in turn intend to use the proceeds to repay its existing indebtedness including prepayment charges and associated expenses. Following entities are part of the Indian Restricted Group.
i) Clean Wind Power (Piploda) Private Limited
ii) Clean Wind Power (Bableshwar) Private Limited
iii) Clean Wind Power (Ratlam) Private Limited
iv) Clean Wind Power (Satara) Private Limited
v) Bhilwara Green Energy Limited
vi) Clean Solar Power (Dhar) Private Limited
vii) Rajkot (Gujarat) Solar Energy Limited
viii) Clean Solar Power (Gulbarga) Private Limited

Accordingly, subsequent to March 31, 2021, Clean Renewable Power (Mauritius) Pte Ltd has issued INR dominated External Commercial Borrowings ("ECBs) amounting to Rs. 27,200.00 million to Restricted Group entities. Subsequently, the Restricted Group entities has paid existing term loan and non-convertible debenture as at March 31, 2021 of Rs. 22,134.22 million in full by using aforesaid ECB.

Accordingly, as at March 31, 2021, the Group has reclassified its term loan from non-current borrowings to current maturity of long term borrowings. Consequently, the Group has charged off unamortised portion of transaction cost and prepayment charges on loan in the consolidated statement of profit and loss account for the year ended March 31, 2021.

This space has been left intentionally

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

**18 Trade payables**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Trade payables** | | |
| - Outstanding dues to micro and small enterprises* | 26.41 | 33.41 |
| - Outstanding dues to parties other than micro and small enterprises | 1,983.61 | 1,658.83 |
| | **2,010.02** | **1,692.24** |

*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 42.

**19 Other Financial Liabilities**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non- current** | | |
| Security deposit | 2.55 | 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 | 52.76 |
| Lease liability (refer note 36) | 461.33 | 544.01 |
| Other payable | 1.16 | 0.99 |
| | **576.51** | **600.31** |
| **Current** | | |
| Current maturities of long term borrowings (refer note 17) | 28,253.15 | 3,252.07 |
| Interest accrued on borrowings | 706.24 | 775.59 |
| Interest accrued on loan from related parties (refer note 34) | 7.08 | 8.22 |
| Payables for property, plant and equipment and intangible asset | 2,722.91 | 3,209.92 |
| Lease liability (refer note 36) | 41.11 | 70.00 |
| Other payable | 836.42 | 361.96 |
| | **32,566.91** | **7,677.76** |
| **Total** | **33,143.42** | **8,278.07** |

| **Breakup of financial liabilities at amortised cost:** | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Borrowings (Refer note 17) | 109,577.52 | 107,765.84 |
| Trade payables (Refer note 18) | 2,010.02 | 1,692.24 |
| Other financial liabilities (Refer note 19) | 4,806.30 | 5,026.00 |
| | **116,393.84** | **114,484.08** |
| **Breakup of financial liabilities measured at fair value through Profit & loss** | | |
| Derivatives not designated as hedges: | | |
| - Currency and interest rate swaps - current | 83.97 | - |
| | **83.97** | **-** |

**20 Other liabilities**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non- current** | | |
| Deferred government grant (Refer note 46) | 1,285.03 | 1,200.05 |
| Operation and maintenance equalisation reserve | 660.52 | 743.82 |
| | **1,945.55** | **1,943.87** |
| **Current** | | |
| Deferred government grant (Refer note 46) | 95.60 | 84.05 |
| Advance from customers | 14.91 | 25.71 |
| Statutory dues | 116.43 | 148.57 |
| Operation and maintenance expense equalisation reserve | 109.92 | 41.95 |
| Other Payables | 7.71 | 13.38 |
| | **344.57** | **313.66** |
| **Total** | **2,290.12** | **2,257.53** |

**21 Provisions**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non- current** | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (Refer note 35) | 12.92 | 11.50 |
| - Provision for compensated absences | 62.19 | 53.91 |
| **Others** | | |
| Provision for decommissioning cost | 121.05 | 110.81 |
| | **196.16** | **176.22** |
| **Current** | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (Refer note 35) | 1.04 | 0.58 |
| - Provision for compensated absences | 5.27 | 9.63 |
| Provision for employee stock option plan (Refer note 49) | 387.07 | 387.07 |
| Provision for onerous contract* | 22.75 | 22.75 |
| | **416.13** | **420.03** |

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

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

**22 Liabilities for current tax (net)**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Liabilities for current tax (net of advance tax) | 5.25 | 4.31 |
| | **5.25** | **4.31** |
| * Net of advance tax | - | 26.28 |

**23 Revenue from operations**

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Type of goods or service** | | |
| Sale of electricity | 12,801.38 | 11,744.67 |
| Less: Rebate and Discounts | (78.65) | (58.80) |
| Sale of electricity (net of rebate and discounts) | **12,722.73** | **11,685.87** |
| Sale of rooftop solar plant | 185.05 | 48.65 |
| Incentive under generation based incentive scheme | 353.92 | 390.88 |
| **Sale of Services** | | |
| Operation and maintenance fees | 3.72 | 1.92 |
| **Total revenue from operations** | **13,265.42** | **12,127.32** |

**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, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Fair value gain on financial instruments measured at fair value through profit and loss | 3.84 | 0.69 |
| Gain on sale of mutual funds | 8.74 | 65.87 |
| Interest income on fixed deposits | 246.38 | 114.82 |
| Interest income on income tax refund | 84.55 | 8.44 |
| Interest income on loan to related parties | 10.63 | - |
| Unwinding of discount on deposits | 5.11 | 4.05 |
| Amortisation of deferred government grant (Refer note 46) | 80.29 | 83.79 |
| Gain on settlement of derivatives | - | 180.71 |
| Gain on loss of control of subsidiary (Refer note 43) | 118.25 | - |
| Mark to market gain on derivative instruments | - | 151.44 |
| Balances and Provision written back | 43.14 | 227.43 |
| Profit on disposal/ sale of Property, Plant & Equipment | 20.20 | - |
| Insurance claim received | 84.28 | - |
| Bank Guarantee Refund | 46.88 | - |
| Sale of Carbon Credit | 23.56 | 12.17 |
| Miscellaneous income | 105.85 | 46.97 |
| Exchange fluctuation (net) | 143.82 | - |
| | **1,025.57** | **896.38** |

**25 Cost of material consumed**

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Cost of materials consumed | 127.97 | 40.03 |
| | **127.97** | **40.03** |

**26 Employee benefit expenses**

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Salaries, wages and bonus | 600.90 | 478.92 |
| Contribution to provident and other funds (Refer note 35) | 27.65 | 26.25 |
| Employee stock option plan expenses (Refer note 49) | - | 177.59 |
| Gratuity expense (Refer note 35) | 17.67 | 14.22 |
| Staff welfare expenses | 5.00 | 14.52 |
| | **651.22** | **711.50** |

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

| | | Year ended | |
|---|---|---|---|
| **27** | **Finance cost** | **March 31, 2021** | **March 31, 2020** |
| | **Interest expense on financial liabilities measured at amortised cost:** | | |
| | Interest on debts and borrowings banks and financial institutions | 8,316.60 | 6,875.36 |
| | Interest accretion on Cumulative Compulsorily Convertible Preference Share | 1,889.60 | 1,499.63 |
| | Interest on loan from related parties (Refer note 34) | 380.44 | 370.94 |
| | Interest on compulsory convertible debenture | 25.59 | 22.73 |
| | Interest on non convertible debenture | 552.58 | 878.55 |
| | Interest accretion on lease liability | 51.96 | 54.48 |
| | Other finance costs* | 799.76 | 504.57 |
| | | 12,016.53 | 10,206.26 |

* Includes prepayment charges , Refer note 17 (28) for more details

| | | Year ended | |
|---|---|---|---|
| **28** | **Depreciation and amortisation expense** | **March 31, 2021** | **March 31, 2020** |
| | Depreciation of tangible assets | 4,093.33 | 3,627.36 |
| | Amortisation of intangible assets | 162.35 | 161.01 |
| | | 4,255.68 | 3,788.37 |

| | | Year ended | |
|---|---|---|---|
| **28A** | **Impairment of Assets** | **March 31, 2021** | **March 31, 2020** |
| | Impairment of Property, plant & equipment (refer note 37 (c) (III) &59) | 104.23 | 150.00 |
| | Impairment of Goodwill (refer note 5) | 145.26 | - |
| | Impairment of Capital work-in-progress (refer note 4) | 304.02 | - |
| | | 553.51 | 150.00 |

| | | Year ended | |
|---|---|---|---|
| **29** | **Other expenses** | **March 31, 2021** | **March 31, 2020** |
| | Operation and maintenance expenses* | 1,032.75 | 796.35 |
| | Legal and professional expense | 302.21 | 346.65 |
| | Exchange fluctuation expense (net) | - | 573.53 |
| | Balances written-off | 3.06 | - |
| | Rent, rates and taxes | 105.50 | 122.77 |
| | Travelling and conveyance | 61.51 | 123.47 |
| | Power and fuel | 108.83 | 87.03 |
| | Management Fees | 59.06 | 56.25 |
| | Insurance | 171.50 | 68.31 |
| | Provision for doubtful debts and advances | 149.01 | 92.92 |
| | Brokerage and commission | 16.01 | 29.23 |
| | Advertisement and sales promotion | 7.83 | 22.77 |
| | Liquidated Damage Charges | 206.70 | 107.36 |
| | Repair and maintenance | 73.77 | 64.13 |
| | Director sitting fees | 5.03 | 2.10 |
| | Loss on cross currency and interest rate swap | - | 18.46 |
| | Discount & Rebates | - | - |
| | Mark to market loss on derivative instruments | 226.01 | - |
| | Provision for shortfall in generation | 24.66 | 24.25 |
| | Deviation Settlement Charges | 50.50 | 30.76 |
| | Loss on disposal of Property, Plant and Equipment | - | 7.44 |
| | Miscellaneous expenses | 128.70 | 79.91 |
| | | 2,732.64 | 2,653.69 |

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

| | | Year ended | |
|---|---|---|---|
| **30** | **Tax expense** | **March 31, 2021** | **March 31, 2020** |
| | Current tax | 25.64 | 133.25 |
| | Adjustment of tax relating to earlier periods | (10.03) | 4.75 |
| | Deferred tax | (613.63) | (97.88) |
| | | (598.02) | 40.12 |

| | | Year ended | |
|---|---|---|---|
| **31** | **Other Comprehensive Income** | **March 31, 2021** | **March 31, 2020** |
| | Re-measurement gains/ (losses) on defined benefit plans | 6.29 | (8.43) |
| | Income Tax Effect | (1.45) | 1.60 |
| | | 4.84 | (6.83) |

(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, 2021 and March 31, 2020 as follows:**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Accounting profit before tax | (6,046.56) | (4,526.15) |
| Applicable tax rate | 26.00% | 26.00% |
| **Computed Tax Expense** | **(1,572.11)** | **(1,176.80)** |
| Difference in tax Rates | 39.49 | 27.47 |
| Non-deductible expenses for tax purposes | 203.64 | 47.21 |
| Effect of income that are not taxable in determining taxable profit | (13.78) | (1.09) |
| Effect on tax due to reassessment of temporary differences reversing under tax holiday period | (384.40) | 435.47 |
| 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) | 82.32 |
| Deferred tax asset/ liability not recognised * | 777.94 | 291.17 |
| Interest accretion on CCPS | 314.62 | 282.20 |
| Others | 45.94 | 52.17 |
| **Income tax charged to Consolidated Statement of Profit & Loss** | **(598.02)** | **40.12** |

* 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 361.94 million (March 31, 2020 deferred tax liability of Rs 215.40 million) is not recognised in the consolidated financial statements.

In respect of subsidiaries covered under tax holiday period as specified under section 80 IA of Income tax Act, 1961, the Group has revised 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 Group has reassessed its deferred tax position and necessary impact has been taken to the statement of profit and loss.

a) 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, 2021** | **As at March 31, 2020** |
|---|---|---|
| Deferred tax assets | 1,219.16 | 993.14 |
| Deferred tax liabilities | (1,287.72) | (1,625.88) |
| **Net Deferred tax assets/ (liabilities)** | **(68.56)** | **(632.74)** |

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

As on 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)** |
| Provision for employee benefits | | | | | **-** |
| 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** |
| 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)** |

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

**As at March 31, 2020**

| Significant components of deferred tax asset/(liabilities) | Opening Balance as on April 01, 2019 | Charged / (credited) to Statement of profit and loss | Charged / (credited) to OCI | Charged / (credited) directly in Equity | Closing Balance as on March 31, 2020 |
|---|---|---|---|---|---|
| Carry forward tax loss and Unabsorbed depreciation | 3,227.33 | (1,630.80) | - | - | **4,858.13** |
| Lease liability | - | (152.36) | - | - | **152.36** |
| Higher depreciation and amortization for tax purposes | (4,051.30) | 1,222.07 | - | - | **(5,273.37)** |
| Right to use assets | - | 158.73 | - | - | **(158.73)** |
| Effective interest rate adjustments for borrowings | (40.79) | 0.37 | - | - | **(41.16)** |
| Operation and maintenance equalisation reserve | 198.89 | 41.01 | - | - | **157.88** |
| Others | 200.50 | 178.18 | (1.60) | (3.77) | **27.69** |
| Equity component of compound financial instruments | (394.67) | (107.70) | - | 243.03 | **(530.00)** |
| Deferred Government Grant | 327.88 | 184.17 | - | - | **143.71** |
| Provision for Employee Stock Option Plan | - | (100.64) | - | - | **100.64** |
| Minimum alternative tax credit entitlement [refer note (a) below] | 425.82 | (46.03) | - | - | **471.85** |
| **Total** | **(106.34)** | **(253.00)** | **(1.60)** | **239.26** | **(91.00)** |
| Not recognised | (382.85) | 370.52 | - | 3.77 | **(757.14)** |
| Reversal on account of recoverable of future tax liability from customer as per terms of PPA | | (215.40) | | | **215.40** |
| **Deferred Tax Assets/(Liability) net** | **(489.19)** | **(97.88)** | **(1.60)** | **243.03** | **(632.74)** |

(a) The Group has recognized an asset of Rs 469.01 million (March 31, 2020: Rs 471.85 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, 2021, the Group has not recognised deferred tax assets of Rs. 831.67 million (2020: Rs. 757.14 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, 2021 | As at March 31, 2020 |
|---|---|---|
| FY 2024-25 | 0.29 | 0.29 |
| FY 2025-26 | 153.31 | 153.31 |
| FY 2026-27 | 467.21 | 594.94 |
| FY 2027-28 | 621.96 | 1,063.99 |
| FY 2028-29 | 691.47 | - |
| Indefinite- Unabsorbed Depreciation | 1,054.79 | 792.59 |
| | **2,989.04** | **2,605.12** |

(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, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Loss attributable to the equity holders of the parent | (5,448.54) | (4,566.27) |
| Add: Interest accretion on Cumulative Compulsorily Convertible Preference Share | 1,889.60 | 1,499.63 |
| | **(3,558.94)** | **(3,066.64)** |
| Weighted average number of equity shares for basic and diluted EPS* | 1,043,710,600.78 | 1,040,481,884.41 |
| **Basic and diluted earnings per share (face value RS. 10 per share)** | (3.41) | (2.95) |

*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.

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

**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 | |
| Rockman Industries Limited (Upto August 31, 2019) | |
| Hero Future energies Limited Employees Group Gratuity Trust | |
| Clean Solar Power Eastern Europe Limited | Fellow Subsidiary Company |
| Rahul Munjal- Chairman & Managing Director | Key Management Personnel |
| Renu Munjal- Director | |
| Abhimanyu Munjal- Director | |
| Vivek Mehra- Independent Director | |
| Osama Abdullatif A Alothman- Nominee Director (w.e.f February 28, 2020) | |
| Lubomir Georgiev Varbanov- Nominee Director (w.e.f June 29, 2020) | |
| 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, 2021 | For the Year ended March 31, 2020 |
|---|---|---|---|---|
| Hero Fincorp Limited | Enterprises owned or significantly influenced by key management personnel or their relatives | Interest Paid on Loan | 372.93 | 370.94 |
| | | Loan Repaid | 3,550.00 | 9,250.00 |
| | | Loan Received | 4,050.00 | 9,000.00 |
| | | Processing Fees Paid | 14.67 | 12.32 |
| Hero Motocorp Limited | Enterprises owned or significantly influenced by key management personnel or their relatives | Sales of rooftop & Installation & Commissioning | 106.48 | 27.91 |
| | | Advance against sale of rooftop plant | - | 19.07 |
| | | Operation & Maintenance Fees | 1.71 | 1.06 |
| Hero Future Energies Asia Pte. Limited | Holding Company | Issue of Equity Shares | 0.01 | 3,386.74 |
| Hero Future Energies Global Limited | Intermediate Holding Company | Issue of Compulsorily convertible Preference shares | - | 262.86 |
| Rockman Industries Limited | Enterprises owned or significantly influenced by key management personnel or their relatives | Sale of Electricity | - | 9.64 |
| Bahadur Chand Investments Private Limited | Enterprises having control | Loan Repaid | 1,000.00 | - |
| | | Loan Received | 1,000.00 | - |
| | | Interest Paid on Loan | 7.51 | - |
| Clean Solar Power (Eastern Europe) Limited | Fellow Subsidiary Company | Loan Given | 1,446.53 | - |
| | | Interest Income | 10.63 | |
| 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 | - | 0.09 |

**c) Closing Balance of related parties**

| Name of Related Party | Relationship | Nature of Transaction | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| 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 | 7.08 | 8.22 |
| | | Payable on account of loan | 2,500.00 | 2,000.00 |
| 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 | 59.85 | 59.85 |
| Hero Motocorp Limited | Enterprises owned or significantly influenced by KMP | Advance against sale of rooftop plant | - | 19.06 |
| | | Receivables | 2.06 | 0.94 |
| Hero Future Energies Asia Pte. Limited | Holding Company | Compulsorily convertible Preference shares | 1,682.93 | 1,682.93 |
| | | Other Receivables | 0.12 | 0.12 |
| 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 | 1,446.53 | - |
| | | Interest receivable | 10.63 | - |

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

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

**d) Compensation of Key management personnel of the Company**

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Short-term employee benefits* # | 127.16 | 214.47 |
| Reimbursement of expense (per diem) | 13.29 | 8.92 |
| Director Sitting Fees and consultancy fees | 2.88 | 2.80 |
| **Total compensation paid to key management personnel** | 143.33 | 226.19 |

*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, 2021, total payable to key management personnel is Rs 251.77 million (March 31, 2020 Rs 241.72 million)

# Mr. Srivatsan Srinivas Iyer is appointed as CEO in the Company w.e.f. December 14, 2020 and designated as KMP as per Companies Act w.e.f January 31, 2021, accordingly his KMP remuneration shown above is from January 31, 2021 to March 31, 2021

**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, 2021 is Rs. 1,380.00 million (March 31, 2020 : Rs. 3,200 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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(All amounts are in Indian Rupees (in millions), unless otherwise stated)

**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. 27.65 million (March 31, 2020: Rs. 26.25 million) during the year as expense towards contribution to the plan.

| | Year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Provident fund | 27.65 | 26.25 |
| **Total** | **27.65** | **26.25** |

**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, 2021 Gratuity (Funded) | As at March 31, 2020 Gratuity (Funded) |
|---|---|---|
| **Change in benefit obligation** | | |
| 1 Present value of obligation as at the beginning of the year | 62.81 | 38.44 |
| 2 Add: Current service cost | 17.44 | 15.52 |
| 3 Add: Past service cost | - | - |
| 4 Add: Interest cost | 4.30 | 2.99 |
| 5 Add: Actuarial (gain) / loss | (2.11) | 6.80 |
| 6 Less: Benefits paid | (9.84) | (0.94) |
| 7 Add: Acquisition Adjustment | - | - |
| **Present value of obligation as at the end of the year** | **72.60** | **62.81** |

**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, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| **Cost for the year included under employee benefit** | | |
| Add: Current service cost | 17.44 | 15.52 |
| Add: Past service cost | - | - |
| Add: Interest cost | 4.30 | 2.99 |
| Less: Investment Income | (4.07) | (4.42) |
| **Net cost** | **17.67** | **14.09** |

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

| | Year ended | |
|---|---|---|
| | March 31, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| **Fair value of plan assets at the beginning** | 59.52 | 56.73 |
| Add: Investment income | 4.07 | 4.42 |
| Add: Expected return on plan assets | 4.18 | (1.63) |
| **Fair value of plan assets at the end** | **67.77** | **59.52** |

(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, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| 1 | Actuarial gain / (loss) for the year – obligation | 2.11 | (6.80) |
| 2 | Actuarial gain / (loss) for the year - plan assets | 4.18 | (1.63) |
| 3 | **Total gain / (loss) for the year** | **6.29** | **(8.43)** |
| 4 | Actuarial gain / (loss) recognised in the year | 6.29 | (8.43) |

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

| | Year ended | |
|---|---|---|
| | March 31, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| **Economic assumptions** | | |
| 1 Discount rate | 6.55% | 6.85% |
| 2 Rate of increase in compensation levels | 14% | 12% |
| **Demographic assumptions** | | |
| 1 Expected average remaining working lives of employees (years) | 26.19 | 26.57 |
| 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 | 3.24% | 5.34% |
| 2 Ages from 31-44 | 10.05% | 4.58% |
| 3 Above 44 years | 1.94% | 0.00% |

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, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| Present value of obligation | 72.60 | 62.81 |
| Less: Fair value of plan assets | (67.77) | (59.52) |
| Net (assets) / liability | 4.83 | 3.29 |

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

| | Year ended | |
|---|---|---|
| | March 31, 2021 Gratuity (Funded) | March 31, 2020 Gratuity (Funded) |
| **A. Discount rate** | | |
| Effect on DBO due to 1% increase in Discount Rate | 84.14 | 117.20 |
| Effect on DBO due to 1% decrease in Discount Rate | 63.08 | 141.26 |
| **B. Salary escalation rate** | | |
| Effect on DBO due to 1% increase in Salary Escalation Rate | 63.57 | 167.35 |
| Effect on DBO due to 1% decrease in Salary Escalation Rate | 83.20 | 85.60 |
| **C. Withdrawal Rate** | | |
| Effect on DBO due to 50% increase in Withdrawal Rate | 90.35 | 215.93 |
| Effect on DBO due to 50% decrease in Withdrawal Rate | 61.76 | 100.95 |

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

| | As at March 31, 2020 Gratuity (Funded) | As at March 31, 2019 Gratuity (Funded) |
|---|---|---|
| 1 year | 4.62 | 7.17 |
| 2 to 5 years | 9.62 | 4.01 |
| 6 to 10 years | 13.73 | 10.68 |
| More than 10 years | 193.70 | 205.05 |

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

## 36 Leases

The Group has lease contracts for Land, office premises and other equipments. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease (as per the accounting policy prior to 1 April 2019).
Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer note 2.1(l) for accounting policy for 'Leases'. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 1, 2019.

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The Group has lease contracts for land, office premises and other equipments. Leases of office premises and other equipments generally has a lease terms between 3 to 9 years, while land generally have lease terms between 21 to 25 years.

The Group's obligations under its leases are secured by the lessor's title to the leased assets

The Group also has certain leases of equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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 (included under other financial liabilities) and the movements during the year:

| | Amount |
|---|---|
| **As At April 1, 2019** | **532.14** |
| Additions | 134.95 |
| Accretion of Interest | 54.48 |
| Payments | (107.56) |
| **As At March 31, 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** |

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Current | 41.11 | 70.00 |
| Non- Current | 461.33 | 544.01 |

The maturity analysis of lease liabilities are disclosed in Note 42.

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, 2021 | Year Ended March 31, 2020 |
|---|---|---|
| Depreciation | 65.59 | 68.34 |
| Interest expense on lease liabilities | 51.96 | 54.48 |
| Expense relating to short- term leases and low value assets(included in other expenses) | 45.26 | 16.00 |
| | **162.81** | **138.82** |

The Group had total cash outflows for leases of Rs. 123.32 million during the year ended March 31, 2021 (March 31, 2020 Rs. 123.56 million).

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

## 37 Commitments and Contingent Liabilities

### a. Commitments

(i) As at March 31, 2021, 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. 5,744.27 million (March 31, 2020 Rs. 6,335.94 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, 2021 | As at March 31, 2020 |
|---|---|---|
| Bank guarantee outstanding | 855.61 | 2,189.83 |
| Corporate guarantee | 1,380.00 | 3,200.00 |
| Letter of credit/Buyers credit | 143.97 | 86.78 |
| Viability Gap Funding | 1,382.80 | 1,382.80 |
| Income Tax matters | 0.22 | 7.90 |
| Indirect tax matters | 223.53 | 308.16 |
| **Total** | **3,986.13** | **7,175.47** |

**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 4,505.88 million as on March 31, 2021 and Vayu Urja Bharat Private Limited (Vayu Urja Bharat) having net block of Property, Plant & Equipment of Rs. 8,307.63 million, involved in litigation with Southern Power Distribution Company of Andhra Pradesh Limited ('APDISCOM') regarding the tariff rates applicable to the construction and commissioning of two 25MW power plants at Gurramkonda and Nagari. The PPAs for the Waaneep and Vayu Urja Bharat projects were entered into in December 2014 and July 2016.

During the year, on July 01, 2019, the newly elected State Government issued an order allowing DISCOMs to challenge PPA tariff rates agreed by the previous government. As a result, the APDISCOM issued a letter to Waaneep and Vayu Urja on 12 July 2019, requesting a [50%] reduction in the tariff rate applied to the PPAs. In response, the companies filed a review petition in High Court of Andhra Pradesh and, ultimately, the Government Order and the APDISCOM letter were both set aside in September 2019. However, considering the level of outstanding payments and the weak financial position of the APDISCOM, the High Court granted an interim relief at a reduced tariff rate. This rate is to apply until the disposal of petitions filed by the APDISCOM, challenging the regulation under which the PPA tariff rates were originally set.

Separately, on August 31, 2019, Vayu Urja, had already obtained a favourable order from APERC in O.P 35 of 2019 to receive full payment at the original PPA tariff rates. Considering the High Court granting the interim relief described above, Vayu Urja filed a petition to clarify that this APERC order still stands. The subsidiary received confirmation in December 2019 and, subsequently, the subsidiary have been receiving payment from the DISCOM in instalments.The APDISCOM has paid Rs. 2,233.60 million approximately till date.

Waaneep appealed the High Court ruling in September 2019, seeking payment at the original tariff rate.; Hon'ble Court had inter alia directed the APSPDCL to pay all pending and future bills of the Petitioner at the "interim" rate of Rs. 2.44. The matter is posted on further hearing on various- IA(s) filed on different issues like payment of outstanding amount and appointment of Expert Technical Committee on illegal curtailments. The next date for hearing is fixed on June 28, 2021.

Recently APSLDC has filed the writ appeal against the Single Judge's order dated 24 September 2019 in assailing the directions and observations made therein on the issue of curtailment appeal making Vayu Urja as the Respondent. No effective hearing has taken place yet and the next date is yet to be fixed.

Apart from above, the Discom had filed the appeal before the APTEL against the payment order in O.P 35 of 2019. Their appeal was dismissed by APTEL. Further DISCOM has filed the Civil appeal before Supreme Court against the APTEL Order dated September 25, 2020. Moreover, DISCOM has also filed the Special Leave Petition before the Supreme Court against the review order dated December 19, 2019 passed in subsidiaries favour by AP High Court. Notices have been issued in both matters however, the next date of hearing is yet to be notified.

Revenues have been recorded at full tariff rates for Vayu Urja and Waaneep and that the APDISCOM has not disputed the payment order issued by the High Court in September 2019. However, uncertainty remains regarding both the timing and amount of cash inflows to be received in relation to these projects.

(II) One of the subsidiary namely, Clean Solar Power (Tumkur) Limited, in May 2016, having net block of Property, Plant & Equipment of Rs. 9,358.00 million as March 31, 2021, 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 believe, 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, 2021.

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 89.48 million units upto the period ended March 31, 2021, the liability for which, under the provisions of PPA, is Rs. 97.54 million, out of which Rs. 72.44 has been provided in respect of one plant of 20MW which is not yet fully operational.

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) One of the subsidiary namely Clean Wind Power (Anantapur) Private Limited, under construction since Dec, 2015 having net block of Property, Plant & Equipment of Rs 1.284.55 million as on March 31, 2021, entered into an agreement dated December 31, 2013 with New & Renewable Energy Development Corporation of Andhra Pradesh ('NREDCAP') whereby NREDCAP sanctioned setting up of 100 MW wind farm (partly for captive consumption and partly for commercial sale). As Telangana was formed out of Andhra Pradesh on June 2, 2014, the project was undertaken under State of Telangana and the Group commissioned the Phase-1 of wind farm of 27.3 MW on June 30, 2018 vide commissioning certificate dated July 3, 2018 received from Southern Power Distribution Company Limited (SPDCL).
Further, in spite of the said subsidiary's agreement with NREDCAP, in absence of wind power policy in newly formed state of Telangana, the said subsidiary was unable to enter into Power Purchase Agreement ('PPA') and plant has been isolated from the grid from the date of commissioning itself. In view of the above regulatory delays, the said subsidiary has filed Writ Petition with High Court at Hyderabad against which High Court at Hyderabad has issued a direction to TSERC to decide the tariff petition filed by the said subsidiary before end of May, 2018. Accordingly, TSERC issued Tariff order dated October 6, 2018 declaring tariff of Rs. 3.61 per/kwh. Based on the said tariff order, the said subsidiary requested Telangana State Southern Power Distribution Company Limited ('TSSPDCL') vide letter dated November 1, 2018 to enter into Power Purchase Agreement (PPA), however TSSPDCL has declined the request of said subsidiary to enter into PPA at Rs. 3.61 per/kwh and proposed a tariff of Rs. 2.79 per/kwh.
As the tariff order issued by TSERC @ Rs. 3.61 per/kwh, which was lower than the expected tariff of Rs. 4.84 per kWh budgeted by the Group, the Group has carried out Impairment assessment per Ind AS 36 "Impairment of Assets" during the year ended March 31, 2019 and March 31, 2020 and has charged Rs. 528.02 million as Impairment to the Statement of Profit & Loss for the year ended March 31, 2019 and Rs 150.00 million for the year ended March 31, 2020.
Aggrieved with the TSSPDCL offer of Rs.2.79/kwh, the subsidiary approached Telangana High Court praying for the following reliefs:

- Direct TSSPDCL to execute PPA at Rs. 3.61/kwh
- In the interim direct TSSPDCL to execute PPA at Rs. 2.79/kwh subject to final decision on tariff by the High Court

High Court vide its Order dated October 31, 2019 directed TSSPDCL to sign PPA at the interim rate of Rs. 2.79/kwh subject to final decision of the High Court. In order to expedite the signing of PPA, the Company filed another interim application and the High Court vide order dated January 27, 2020 directed TSSPDCL to sign PPA at interim rate of Rs. 2.79/Kwh till final decision on tariff. Subsequently, the PPA got signed on February 24, 2021 at the interim rate of Rs. 2.79/kwh

Based on discussion with the concerned government bodies, Group's internal assessment supported by an expert legal opinion, the Group believes that the said subsidiary will get all requisite approval including signing of final PPA and at the final tariff rate of Rs. 3.61/ kwh. Accordingly, the Group believes that the project is fully viable at revised impaired carrying value and is expected to generate future economic benefits.

(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. 206.01 million ( March 31, 2020 Rs 109.20 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.

**ii) Land related**

(I) There are approximately 29 land cases filed by 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) encroachment/erection of towers by subsidiaries of the Group on their land (iii) the reduction of land value and damage to crops due to the installation of power transmission lines over their land (iv) 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.

**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, 2021, the net outstanding advance (net of amount payable towards O&M services rendered till 31 March 31, 2021) was 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. 35.00 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.

**(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 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, 2021 outstanding balance for Manipal Technologies Ltd., MCT Cards & Technologies Pvt Ltd and Technorings is Rs. 119.62 million, Rs. 32.24 million and Rs. 47.65 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 159.02 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. The subsidiary is already contesting the petition (OP 120/18) before KERC and believes that there is no likelihood of any unfavorable outcome. Accordingly, no provision for any liability has been made in the financial statements.

(III) In one of the subsidiary Waaneep Solar Private Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL) arbitrarily raised a Demand Notice dated January 6, 2020 ("Demand Notice/Letter") purportedly claiming arrears of Rs. 89.68 Million- towards billing for WSPL's connection no. 8497386117 for the period from July, 2016 to November, 2019. The Demand Notice was disputed by WSPL vide its email dated January 22, 2020 and sought time to verify and reconcile. The said request was overlooked by MPMKVVCL and it served disconnection notice dated January 27, 2020 ("Disconnection Notice 1") under Section 56(1) of the Electricity Act, 2003 ("Electricity Act").

WSPL vide letter dated February 6, 2020 maintained its stand disputing the validity and proprietary of the Demand Notice and Disconnection Notice 1 and called upon MPMKVVCL to undertake joint verification and reconciliation process. However, MPMKVVCL vide its letter dated February 11, 2020 declined the request of WSPL and stated that there was no need for the WSPL to verify the alleged arrears as the parameters used for claiming such arrears for the period from the date of commissioning to November, 2019 were 'taken from the data in the meter'.

WSPL made payment of Rs. 30.00 million under protest in relation to disputed demands and the same was informed to MPMKVVCL vide letter dated February 11, 2020. Despite making payment of the Rs. 30.00 million under protest, the MPMKVVCL again issued a Disconnection Notice on March 03, 2020 ("Disconnection Notice 2")under Section 56 (1) of the Electricity Act and threatened WSPL that the supply of electricity of your premises will be temporarily discontinued after the expiry of the aforesaid period of 15 (fifteen) days, i.e. March 19, 2020 without any further intimation.

As evident from above MPMKVVCL has acted arbitrarily and imposed charges on basis of surmises. In view of the same WSPL left with no other option filed a Writ Petition No. 6428/2020 before Hon'ble High Court of Madhya Pradesh, Jabalpur ("Hon'ble High Court"). The said matter was listed on March 18, 2020 wherein Hon'ble High Court was pleased to pass interim order of protection in favour of WSPL. The matter is yet to be listed for hearing on account of outbreak and spread of Covid-19 pandemic and there is no tentative date updated in relation to hearing of the matter.

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

**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, 2021 | As at March 31, 2020 |
|---|---|---|
| Borrowings (including current maturities of long term borrowings) (Refer to note 17, 19) | 109,577.52 | 107,765.84 |
| Less: Cash and cash equivalents (Refer to note 8) | 3,753.12 | 3,889.79 |
| **Net debt** | **105,824.40** | **103,876.05** |
| Equity share capital (Refer to note 15) | 70.41 | 70.40 |
| Other equity (Refer to note 16) | (8,848.37) | (3,539.61) |
| **Total Capital** | **(8,777.96)** | **(3,469.21)** |
| Capital and net debt | **97,046.44** | **100,406.84** |
| **Gearing ratio** | **109.05%** | **103.46%** |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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'.

**39 Derivatives outstanding as at the reporting date**

The Group has various derivative agreements with Banks as on March 31, 2021 amounting to USD 94.51 million (March 31, 2020 USD 94.51 million). The Derivative is being used to hedge the USD denominated Buyers Credit taken by the Group. The Group has not designated any hedging relationship between the instrument (as mentioned above) and hedge item and accordingly the Group has not applied hedge accounting and has recorded a MTM loss of Rs. 226.01 million to Statement of Profit and Loss for the year ended March 31, 2021 (March 31, 2020 MTM gain of Rs. 151.44 million).

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

**40 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, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Financial assets measured at fair value through profit or loss** | | | | |
| Investment in equity shares (Refer to note 6) | 142.37 | - | 142.37 | - |
| Investment in mutual fund (Refer to note 6) | 198.70 | 328.08 | 198.70 | 328.08 |
| Dervatives not designated as hedges | | | | |
| - Currency and interest rate swaps | - | 142.04 | - | 142.04 |
| **Total A** | **341.07** | **470.12** | **341.07** | **470.12** |
| **Financial assets measured at amortised cost** | | | | |
| Security deposits (Refer to note 10) | 73.70 | 63.68 | 73.70 | 63.68 |
| Trade receivables (Refer to note 7) | 7,631.57 | 6,210.94 | 7,631.57 | 6,210.94 |
| Cash and cash equivalents (Refer to note 8) | 3,753.12 | 3,889.79 | 3,753.12 | 3,889.79 |
| Other bank balances (Refer to note 9) | 2,758.28 | 4,647.08 | 2,758.28 | 4,647.08 |
| Other financial assets (Refer to note 10) | 2,018.49 | 271.46 | 2,018.49 | 271.46 |
| **Total B** | **16,235.16** | **15,082.95** | **16,235.16** | **15,082.95** |

**b) Fair value of financial liabilities:**

| | Carrying values | | Fair values | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Financial liabilities measured at fair value through profit or loss** | | | | |
| Derivatives not designated as hedges (Refer note 19) | 83.97 | - | 83.97 | - |
| | **83.97** | **-** | **83.97** | **-** |
| **Financial liabilities measured at amortised cost** | | | | |
| Borrowings (Refer to note 17) | 109,577.52 | 107,765.84 | 109,800.42 | 107,737.90 |
| Trade payables (Refer note 18) | 2,010.02 | 1,692.24 | 2,010.02 | 1,692.24 |
| Other financial liabilities (Refer to note 19) | 4,806.30 | 5,026.00 | 4,806.30 | 5,026.00 |
| | **116,393.84** | **114,484.08** | **116,616.74** | **114,456.14** |

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 0.51% lower than amortized cost as on March 31, 2021.

**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, 2021 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, 2021, the mark-to market value of other derivatives positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

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

## 41 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, 2021 | As At March 31, 2020 |
|---|---|---|---|
| **Financial assets measured at fair value through profit or loss** | | | |
| Investment in mutual fund (Refer to note 6) | Level 1 | 198.70 | 328.08 |
| Investment in equity shares- Clean Solar Power Eastern Europe Limited | Level 3 | 69.94 | - |
| Investment in equity shares- Clean Solar Power (Bhainsada) Private Limited | Level 2 | 72.43 | |
| Dervatives not designated as hedges | | | |
| - Currency and interest rate swaps | Level 2 | - | 142.04 |
| **Total A** | | 341.07 | 470.12 |
| **Financial assets measured at amortised cost** | | | |
| Security deposits (Refer to note 10) | Level 2 | 73.70 | 63.68 |
| Trade receivables (Refer to note 7) | Level 2 | 7,631.57 | 6,210.94 |
| Cash and cash equivalents (Refer to note 8) | Level 2 | 3,753.12 | 3,889.79 |
| Other bank balances (Refer to note 9) | Level 2 | 2,758.28 | 4,647.08 |
| Other financial assets (Refer to note 10) | Level 2 | 2,018.49 | 271.46 |
| | | 16,235.16 | 15,082.95 |
| **Total (A+B)** | | 16,576.23 | 15,553.07 |

**Quantitative disclosures fair value measurement hierarchy for liabilities**

| | Level Classification | As at March 31, 2021 | As At March 31, 2020 |
|---|---|---|---|
| **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 | 109,800.42 | 107,737.90 |
| Trade payables (Refer note 18) | Level 2 | 2,010.02 | 1,692.24 |
| Other financial liabilities (Refer to note 19) | Level 2 | 4,806.30 | 5,026.00 |
| **Total B** | | 116,616.74 | 114,456.14 |
| **Total (A+B)** | | 116,700.71 | 114,456.14 |

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<br><br>(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 |

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

**42 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, 2021 and March 31, 2020.

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, 2021 | +50 | (372.60) |
| | -50 | 372.60 |
| March 31, 2020 | +50 | (378.91) |
| | -50 | 378.91 |

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, 2020 is Rs. 6,789.88 million (March 31, 2020 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, 2021:**

| Foreign Currency | Number of contracts | Notional Amount of Contract (USD) | Notional Amount of Contract (Rs.) | Mark to market Value |
|---|---|---|---|---|
| US Dollar | 75 | 94.51 | 6,789.88 | 6,873.84 |

**Following are the outstanding forward and derivative transactions outstanding as on March 31, 2020:**

| Foreign Currency | Number of contracts | Notional Amount of Contract (USD) | Notional Amount of Contract (Rs.) | Mark to market Value |
|---|---|---|---|---|
| US Dollar | 75 | 94.51 | 6,789.88 | 6,791.73 |

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

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.

The ageing analysis of trade receivables as of the reporting date is as follows:

| Particulars | Neither past due nor impaired | Less than 30 days | 30 to 90 days | 90 to 180 days | More than 180 days | Total |
|---|---|---|---|---|---|---|
| Trade Receivables as of March 31, 2021 | 1,810.53 | 498.68 | 960.66 | 1,555.31 | 2,806.39 | **7,631.57** |
| Trade Receivables as of March 31, 2020 | 1,788.66 | 502.75 | 691.54 | 1,192.30 | 2,035.69 | **6,210.94** |

**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, 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 | - | - | 1,983.61 | - | - | 1,983.61 |
| 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** | **18,866.54** | **52,801.24** | **35,035.00** | **141,470.84** |

| As at March 31, 2020 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings* # ^ | 22,626.05 | 3,647.99 | 13,053.26 | 56,992.75 | 55,632.26 | 151,952.31 |
| Trade payables | - | - | 1,658.83 | - | - | 1,658.83 |
| Other financial liabilities | - | - | 4,359.23 | 52.76 | - | 4,411.99 |
| Lease Liabilities # | - | 16.43 | 56.85 | 323.93 | 877.97 | 1,275.18 |
| **Total** | **22,626.05** | **3,664.42** | **19,128.17** | **57,369.44** | **56,510.23** | **159,298.31** |

* 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. 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 (March 31, 2020: Rs. 1,471.11 million is payable within 1 year, Rs. 11,149.94 million in 1 to 5 years and remaining Rs. 10,644.10 million over the 5 years) including interest accrued thereon.

**43 Bhainsada Transaction**

One of the subsidiary, Hero Solar Energy Private Limited (HSE) executed Share Purchase Agreement and Investment agreement dated February 4, 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. March 01, 2021.

Per the agreement, HSE has sold 49% of the total Equity capital for Rs. 81.37 million out of which Rs. 44.15 million is received by HSE. Remaining receivable consideration of 49% equity is recorded at fair value of Rs. 31.62 million under the head "other financial assets". Differential between receivable consideration and fair value is recorded as deferred asset of Rs. 5.60 million. The Group has recognised a profit of Rs 150.70 million on loss of control of subsidiary.

Further, the Group has also recognised a loss of Rs 76.77 million on account of remeasurement of Freehold land carried out for the purpose of aforementioned transaction.

With respect to balance 51% of equity shares in CSP (Bhainsada), it will be sold at Rs. 84.69 million as per the conditions stipulated in the said Share Purchase Agreement. The Group has recorded remaining value of investment in equity shares at fair value of Rs. 71.94 million as on closing date being March 01, 2021 and recognised a gain of Rs 25.99 million in statement of profit & loss, being the difference between Fair value and carrying value of investment. As at March 31, 2021, the Group has re-measured the fair value and basis remeasurement the Group has recognised a gain of Rs. 0.48 million in statement of Profit & Loss.

Further, as per the condition of agreement, Hero Solar Energy Private Limited has issued Optionally Convertible Cumulative Debentures "OCCD's" to purchaser for Rs. 121.90 million, refer Note 17 for terms & conditions. OCCD's are recognised at fair value of Rs. 103.6 millions and then carried at amortised cost resulting into notional interest charge over the tenure to take it back to face value. Difference of Rs. 18.33 million between fair value and face value of OCCD's is added to the gain on loss of control of subsidiary and recognised under other income in Statement of profit & loss.

**44 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, 2021, 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.

**45 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 7,312.79 Million (31 March 2020: Rs 5,392.90 Million) each of which contributes more than 10% of the total revenue of the Group.

**46 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. 24.72 million (March 31, 2020 Rs. 24.72 million) as Other income, which is recorded under Note 23 of the financial statements, while an amount of Rs. 330.47 million (March 31, 2020 Rs. 355.19 million) has been recorded as "Deferred government grant" 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. 55.57 million (March 31, 2020 Rs. 59.07 million ) as Other income, which is recorded under Note 23 of the financial statements, while an amount of Rs. 805.35 million (March 31, 2020 Rs. 743.43 million) has been recorded as "Deferred government grant" under Note 20 of the financial statements.

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

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

| 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 Share | 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** |

| Particulars | Opening balance (April 01, 2019) | Cash flows | Non-cash transactions | | | | Closing balance (March 31, 2020) |
|---|---|---|---|---|---|---|---|
| | | | Processing cost | Interest accretion | New Leases | Others | |
| Term loans from Financial Institution & Banks | 62,921.58 | 4,506.68 | (7.26) | 15.28 | | - | 67,436.28 |
| Cash credit facilities | - | 70.00 | - | - | | - | 70.00 |
| Loan from Related Party (refer note 34) | 2,250.00 | (250.00) | (10.87) | 4.54 | | - | 1,993.67 |
| Non-Convertible Debentures | 7,235.40 | 849.38 | (6.38) | 554.71 | | - | 8,633.11 |
| Supplier's/ Buyer's credit | 4,988.24 | 1,568.93 | (50.96) | | | 555.00 | 7,061.21 |
| Cumulative Compulsorily Convertible Preference Share | 13,752.21 | 4,152.20 | - | 1,499.63 | | (1,124.14) | 18,279.90 |
| Compulsory Convertible Debentures | 83.20 | - | - | - | | - | 83.20 |
| Commercial Papers | 239.71 | 2,013.50 | - | - | | - | 2,253.21 |
| Lease Liabilities | 532.14 | (107.56) | - | 54.48 | 134.95 | - | 614.01 |
| **Total** | **92,002.48** | **12,803.13** | **(75.47)** | **2,128.64** | **134.95** | **(569.14)** | **106,424.59** |

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

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

**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) |
| Bilwara 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)** |

**For Year ended March 31, 2020**

| 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 | (259.45%) | 9,000.92 | 33.90% | (1,547.98) | 41.54% | (2.84) | 33.91% | (1,550.81) |
| Hero Wind Energy Private Limited | (264.16%) | 9,164.17 | 7.31% | (333.58) | 0.02% | (0.00) | 7.29% | (333.59) |
| Clean Wind Power (Anantapur) Private Limited | 33.05% | (1,146.53) | 10.31% | (470.80) | 2.24% | (0.15) | 10.30% | (470.95) |
| Clean Wind Power (Pratapgarh) Private Limited | 0.72% | (24.85) | 0.56% | (25.65) | 3.31% | (0.23) | 0.57% | (25.87) |
| Clean Wind Power (Ratlam) Private Limited | (16.35%) | 567.15 | (4.87%) | 222.58 | 2.13% | (0.15) | (4.86%) | 222.43 |
| Clean Wind Power (Satara) Private Limited | (11.79%) | 408.91 | 0.07% | (3.29) | 1.41% | (0.10) | 0.07% | (3.39) |
| Clean Wind Power (Devgarh) Private Limited | (94.63%) | 3,283.02 | (5.75%) | 262.52 | 1.83% | (0.12) | (5.74%) | 262.40 |
| Clean Wind Power (Manvi) Private Limited | (25.14%) | 872.01 | 2.41% | (110.09) | 2.91% | (0.20) | 2.41% | (110.29) |
| Clean Wind Power (Jaisalmer) Private Limited | 8.14% | (282.35) | 6.16% | (281.44) | 0.00% | - | 6.15% | (281.44) |
| Vayu Urja Bharat (Private) Limited | (18.20%) | 631.42 | 7.21% | (329.43) | 6.15% | (0.42) | 7.21% | (329.85) |
| Clean Wind Power (Kurnool) Private Limited | 0.03% | (1.05) | 0.01% | (0.49) | 0.00% | - | 0.01% | (0.49) |
| Clean Wind Power (Bhavnagar) Private Limited | 3.87% | (134.12) | 2.92% | (133.54) | 0.36% | (0.02) | 2.92% | (133.56) |
| Clean Wind Power (Piploda) Private Limited | (0.88%) | 30.37 | 1.01% | (46.27) | (0.76%) | 0.05 | 1.01% | (46.21) |
| Clean Wind Power (Bableshwar) Private Limited | 2.37% | (82.07) | 1.06% | (48.46) | 1.31% | (0.09) | 1.06% | (48.55) |
| Clean Wind Power (Tuticorin) Private Limited | 3.81% | (132.24) | 0.24% | (11.18) | 0.00% | - | 0.24% | (11.18) |
| Bilwara Green Energy Limited | (26.40%) | 915.80 | (5.29%) | 241.50 | 1.64% | (0.11) | (5.28%) | 241.39 |
| LNJ Power Ventures Limited | 6.76% | (234.41) | 1.25% | (56.87) | 0.04% | (0.00) | 1.24% | (56.87) |
| Hero Rooftop Energy Private Limited | 2.10% | (72.71) | 0.57% | (26.07) | 2.58% | (0.18) | 0.57% | (26.25) |
| Hero Solar Energy Private Limited | (285.96%) | 9,920.48 | 15.40% | (703.31) | 13.34% | (0.91) | 15.40% | (704.22) |
| Clean Solar Power (Dhar) Private Limited | (8.47%) | 293.90 | 2.10% | (96.09) | 4.20% | (0.29) | 2.11% | (96.37) |
| Clean Solar Power (Chitrdurga) Private Limited | 8.18% | (283.91) | 3.45% | (157.64) | 0.96% | (0.07) | 3.45% | (157.71) |
| Rajkot (Gujarat) Solar Energy Private Limited | (0.75%) | 25.87 | 0.63% | (28.63) | 0.50% | (0.03) | 0.63% | (28.66) |
| Clean Solar Power (Tumkur) Private Limited | 10.46% | (362.98) | 8.86% | (404.66) | 6.69% | (0.46) | 8.86% | (405.12) |
| Clean Solar Power (Bhadla) Private Limited | (68.97%) | 2,392.81 | 8.32% | (379.77) | 1.74% | (0.12) | 8.31% | (379.89) |
| Clean Solar Power (Jaipur) Private Limited | 14.01% | (486.14) | 4.36% | (199.16) | 0.43% | (0.03) | 4.36% | (199.19) |
| Clean Solar Power (Gulbarga) Private Limited | (0.98%) | 33.86 | 8.23% | (375.67) | 3.17% | (0.22) | 8.22% | (375.89) |
| Clean Solar Power (Bellary) Private Limited | 1.03% | (35.88) | 0.56% | (25.69) | 1.11% | (0.08) | 0.56% | (25.77) |
| Waaneep Solar Private Limited | (42.36%) | 1,469.72 | 3.95% | (180.33) | 1.15% | (0.08) | 3.95% | (180.41) |
| Clean Solar Power (Jodhpur) Private Limited | (36.57%) | 1,268.77 | 1.10% | (50.29) | 0.00% | - | 1.10% | (50.29) |
| Clean Solar Power (Konch) Private Limited | 0.01% | (0.30) | 0.01% | (0.39) | 0.00% | - | 0.01% | (0.39) |
| Clean Solar Power (Kadapa) Private Limited | 0.00% | (0.04) | 0.00% | (0.07) | 0.00% | - | 0.00% | (0.07) |
| Clean Solar Power (Sirsa) Private Limited | 0.38% | (13.05) | 0.20% | (9.14) | 0.00% | - | 0.20% | (9.14) |
| Clean Solar Power (Baniyana) Private Limited | (0.00%) | 0.07 | 0.00% | (0.03) | 0.00% | - | 0.00% | (0.03) |
| Clean Solar Power (Bhainsada) Private Limited | 0.25% | (8.66) | 0.19% | (8.76) | 0.00% | - | 0.19% | (8.76) |
| Consolidation adjustments | 1165.89% | (40,447.18) | (16.47%) | 751.89 | 0.00% | - | (16.44%) | 751.89 |
| **Total** | **100%** | **(3,469.21)** | **100%** | **(4,566.27)** | **100%** | **(6.83)** | **100%** | **(4,573.10)** |

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

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

During the year no awards were made to any employees (2020: 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 has assessed that it is not probable that total settlements will exceed the already provisioned Rs. 387.07 million and therefore no further expense has been recognised for the year ended March 31, 2021.

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, 2021 | 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<br>- 9,200,000 options vested on March 31, 2018. | - 882,353 options vested as on March 31, 2017;<br>- 1,764,706 options vested as on March 31, 2018;<br>- 200,000 options vested as on March 31, 2020;<br>- 100,000 options to be vested on March 31, 2021;<br>- 2,590,672 options vesting in four annual tranches of 20%, 25%, 25% and 30% from grant date;<br>- 588,235 options fofeited 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, 2021 is as follows:

| Particulars | Category A | Category B | Category C |
|---|---|---|---|
| **Opening balance** | **10,900,000** | **5,067,277** | **1,875,000** |
| Granted during the year | - | - | - |
| Forfeited/Lapsed during the year | - | (230,147) | - |
| Exercised during the year | (10,900,000) | - | (1,875,000) |
| **Closing balance** | **-** | **4,837,130** | **-** |
| Vested and exercisable | - | 4,770,954 | - |

**50 Going Concern**

The Group has incurred a loss of Rs. 5,448.54 million during the year ended March 31, 2021, its net worth has been fully eroded owing to accumulated losses of Rs. 15,631.99 million as at period end and the Group's current liabilities of Rs. 56,787.26 million (including impact of loan covenant breaches, classification of loan due to prepayment of borrowings in certain subsidiaries) exceeded its current assets of Rs. 16,986.47 million as at the balance sheet date. However, based on approved business plan and cash flow projections approved by the Board of Directors, raising additional borrowings/ equity, replacement of loans maturing in next one year with long term tenure, possibility of obtaining waiver/ deferral letter for covenant breaches as at next financial year, history of no recall of loans in past periods for covenant breaches, disbursement of project finance loans to meet current liabilities of the respective subsidiary and the support provided by the holding company/ intermediate holding company to various entities, the management believes that each entity in the Group to have sustainable cash flows addressing any uncertainties around the going concern assumption. Accordingly, the financial statements continue to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

**51 Events occuring after balance sheet date**

On March 19, 2021, Clean Renewable Power (Mauritius) Pte. Ltd, a wholly owned subsidiary of Hero Future Energies Asia Pte. Ltd. (the "Intermediate Parent) has issued 4.25% Senior Notes due on 2027 (the "Notes") to Qualified Institutional buyers. As per the offering memorandum, net proceeds of this offering shall be used to subscribe the onshore debt (rupee denominated external commercial borrowings in the form of bonds) to be issued by certain Indian Restricted Group Entities. The Indian restricted group shall in turn intend to use the proceeds to repay its existing indebtedness including prepayment charges and associated expenses.

Accordingly, subsequent to March 31, 2021, Clean Renewable Power (Mauritius) Pte Ltd has issued INR dominated External Commercial Borrowings ("ECBs) amounting to Rs. 27,200.00 million to Restricted Group entities. Subsequently, the Restricted Group entities has paid existing term loan and non-convertible debenture as at March 31, 2021 of Rs. 22,134.22 million in full by using aforesaid ECB.

Accordingly, as at March 31, 2021, the Group has reclassified its term loan from non-current borrowings to current maturity of long term borrowings. Consequently, the Group has charged off unamortised portion of transaction cost and prepayment charges on loan in the consolidated statement of profit and loss account for the year ended March 31, 2021.

52 As per the RBI Press Release no. 1998-99/1269 dated April 8, 1999 ('Press Release'), the Company, based on financial statement of March 31, 2021, has exceeded 50% threshold for both asset and income test. However, 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.

**53 Compensation of safeguard duty**

As per the terms of the PPA, the subsidiary, Clean Solar Power (Bhadla) Private limited, is entitled to get compensated against 'Change in law'. Central Government had imposed safeguard duty on import of Solar cells vide notification dated July 30, 2018. The subsidiary considered imposition of safeguard duty as 'Change in Law' and is seeking 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.

Ministry of New and Renewable Energies ('MNRE') vide letter dated March 23, 2020 clarified in affirmation of above wherein it directed SECI to process eligible refunds of safeguard duty in a manner to be prescribed by Central Electricity Regulatory Commission ('CERC') either within 60 days of submission of claim or alternatively by payment being made on an annuity basis spread over the duration of the PPA.

Further, SECI, vide letter dated May 26, 2020 has requested the subsidiary to furnish necessary documents and invoices to support its claim. Accordingly, the Company submitted its claims for reconciliation vide separate letters to SECI for all the three (3) Solar Projects. Further, SECI vide its letters dated December 22, 2020 had confirmed the amounts claimed by the subsidiary for all three Solar Projects towards additional expenditure on account of Safeguard Duty.

However, when SECI still did not make payment of the reconciled amount of compensation on account of imposition of Safeguard Duty to the subsidiary, the subsidiary filed application (IA in 181/MP/2019) before the Hon'ble CERC for issuance of interim directions to SECI to forthwith make payment of the upfront lumpsum amount and monthly annuity payments to the Company in terms of SECI's letter dated December 22, 2020. The IA in Petition no. 181/MP/2019 was listed for hearing on March 26, 2021 on which date the parties advanced their respective arguments. The Hon'ble CERC vide order dated June 17, 2021 has observed that there is no dispute as regards to amount payable between the parties and hence directed SECI to pay to the Petitioner (Clean Solar Power (Bhadla) Private Limited) the reconciled amount of compensation on account of Change in Law on annuity basis, subject to the outcome of Petition No. 536/MP/2020. The first instalment of the claim shall be paid within sixty days of the date of this order dated June 17, 2021 failing which, it will attract late payment surcharge as provided under PPAs. The aforesaid payment order is not conditional upon the payment to be made by the Respondent UPPCL (DISCOM) to Respondent SECI.

It is pertinent to mention here that SECI has filed a separate petition No. 536/MP/2020 making 19 DISCOMs and 34 SPDs as respondents including CSP Bhadla before CERC inter alia seeking many prayers including but not limited to principal prayer to enable the SECI to make GST & SGD payments to SPD(s) over a period of 13 Years on a annuity model along with interest. The aforesaid matter is an industry issues and is pending before CERC on argument stage.

Considering, the subsidiary is yet to receive the payment till date, no revenue has not been recognised in the year ended March 31, 2021 . In accordance with accounting policy of the Company, the cost incurred in relation to safeguard duty, had been capitalized under Plant and Equipment and Revenue will be recognised over the term of PPA from the date when the Company is able to measure the consideration reliably.

54 a)In one of the subsidiary Clean Wind Power (Jaisalmer) Private limited, NTPC had issued RfS for development of 2000 MW ISTS-Connected Wind Power Projects under Global Competitive Bidding in May 2018 (revised to 1200 MW in July 2018 through Amendment no. 10), where by way of reverse auction for this tender Hero Wind Energy Pvt. Ltd. had secured 300 MW. Hero Wind Energy Pvt. Ltd. through its 100% owned subsidiary SPV, Clean Wind Power (Jaisalmer) Pvt. Ltd. (CWPJPL) had signed PPA with NTPC (intermediary procurer) in March 2019. Whereas, NTPC had signed PSA with North Bihar Power Distribution subsidiary Limited and South Bihar Power Distribution subsidiary Limited (final off-taker) in March 2019.

The subsidiary had secured Stage I Connectivity and Stage II Connectivity in July 2019 and was supposed to sign Transmission Agreement for Connectivity and submit Connectivity BG of Rs 50 million. by 24th August 2019. Since the filing of suitable petitions by the Discom was delayed , CWPJPL agreed for a further extension of 3 months which ending on 27th August 2019 and still the adoption was not done.

Due to no clarity on adoption of tariff by Bihar Electricity Regulatory Commission (BERC) from NTPC till 24th August 2019 despite of reminder letters to NTPC, the subsidiary had no other option but to let go Stage II Connectivity Approval and re apply once there is clarity from NTPC in regards to tariff adoption by BERC including clarity on timeline extension for FC and SCOD in proportion to dates extended for tariff adoption. According to Para 2.1.3 of PPA in case the order for adoption of tariff, contract capacity etc. is not done within the time specified or mutually agreed, the PPA and PSA shall stand cancelled and terminated with no liability on either party. In letter dated December 12, 2019, the subsidiary submitted response letter to NTPC seeking cancellation of PPA. Hence as per para 2.1.3 of PPA the subsidiary has terminated the PPA dated March 28, 2019.

55 Hero Wind Energy private Limited and LNJ Power Venture Limited (The subsidiaries ) had filed Petition under Section 9 of Arbitration and Conciliation Act, 1996 before Delhi High Court against Inox Wind Limited and Inox Wind Infrastructure Services Private Limited ("Inox") due to non-performance of its obligation under operation & maintenance agreements and also claimed damages. Further, the subsidiaries had also sought temporary control of the projects for operation and maintenance purposes from Inox. However, the Court had denied temporary control to the subsidiaries and referred the dispute for its resolution through arbitration. Accordingly, Petition was disposed of on October 10, 2018. Arbitral Tribunal has been constituted and preliminary hearing was also held on November 13, 2018 before the Arbitral Tribunal. Based on the directions and timelines provided by Arbitral Tribunal, both the parties had filed their pleadings by August, 2019.

Meanwhile, the subsidiary terminated the O&M Agreements in October and November, 2019 months for the projects owing to the continuous poor performance by Inox and losses to the subsidiaries and appointed independent third party for the operation and maintenance services.

The Arbitral Tribunal conducted hearing on February 13,2020 and as per the request of the subsidiaries, Arbitral Tribunal allowed the Company to file amended Statement of Claim. Accordingly, we had filed an application to amend our Statement of Claim and raised claim to the tune of Rs.1,038.65 million on March 07, 2020. Inox has filed its defence against our amendment application. Next date of hearing is yet to be fixed.
In addition to above, during the pendency of the arbitration proceedings Inox disconnected Feeder no.14 at Dangri site-40 MW on November 11, 2019 to which 16 WTGs are connected. HWEPL filed an interim application on November 24, 2019 before Delhi HC vide OMP (I) (COMM) No.429/2019 for the restoration of Feeder services. The High Court, Single Bench vide its Judgment dated March 16, 2020 directed the parties to approach before Arbitral Tribunal for relief. The Company had challenged the Judgment dated March 16, 2020 before Division Bench of Delhi High Court on April 24, 2020 vide its Appeal no. FAO(OS) (COMM) 60/2020 & CM No.10461/2020. The Court heard the arguments from both sides on June 24, 2020 and passed Judgment dt. 07.07.2020 for the restoration of Feeder no.14 upon payment of Rs. 27.42 million Without prejudice of rights of the HWEPL to claim and recover the same and damages under the law and/or in separate arbitration to be initiated between the parties. HWEPL made the payment on 17.7.2020 to Inox.
Accordingly, HWEPL has initiated arbitration proceeding against Inox and the Statement of Claim was filed by us in December, 2020. Inox has also filed its Statement Defence. We had filed rejoinder on March 24, 2021. The next date of hearing is yet to be fixed.

56 One 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 Company was unable to develop the project due to various unforeseen reasons and had filed the petition at Maharashtra Electricity Regulatory Commission (MERC) for extension of original Scheduled Commercial Operation date (SCOD). MERC vide its order dated 20th January 2020 had extended the SCOD to 23rd June 2020. Further, on account of Covid 19, the company had again filed petition regarding extension of SCOD and vide its order dated 15th September 2020, MERC had granted extension of SCOD from 23rd June 2020 to 23rd November 2020. As it is not possible to execute a project in such short span of time, the subsidiary had filed a review petition at MERC on October 10, 2020 for grant of 1 year extension from extended SCOD. As per opinion of legal counsel, November 23, 2020 is an indicative notional date only and the Order directs us to approach the Commission, once we consider the Force Majeure situation is over which admittedly it is not. Hence, the review petition was withdrawn. Since, Covid has been accepted by MERC as genuine case of Force Majeure, there is high probability that MERC may grant extension in Company's favour considering the impact of both the 1st and 2nd COVID waves.

Further, the management believes that SCOD shall be extended by MERC and no penalty/Liquidated damages shall be levied upon the subsidiary. Simultaneously, management is in final stages of deliberation with regards to execution of 50% of Project Capacity and further believes that MERC may give ruling in Company's favour and may also approve reduction of PPA capacity without imposing any penalty/Liquidated damages. Accordingly, no provision has been made for any penalty/ liquidated damages in these financial statements.

57 Vide Letter of award with Ref No. SECI/C&P/SPD/ISTS-1/LOA/HSEPL/P1/23829 dated July 27, 2018, the subsidiary, Clean Solar Power (Jodhpur) Private Limited, had been awarded project for setting up Solar PV project of 250 MW by Solar Energy Corporation of India Limited ('SECI') in Jodhpur at an agreed bidding based tariff of Rs. 2.53/MWh. Accordingly, the management has entered into Power Purchase Agreements ('PPA') dated November 15, 2018 with SECI (with effective date of October 25, 2018). As per the terms of PPA, the management had to commission the project by October 25, 2020.

Power Grid Corporation of India "PGCIL" had revised the expected operationalization date of Long-Term Access ('LTA') to May 31, 2021 based on the commissioning of various essential transmission elements. Further, SECI had extended the Schedule Commissioning timeline to 60 days subsequent to the operationalization of LTA (Scheduled Commissioning date "SCD" was considered as July 30, 2021, since anticipated date of LTA i.e. SCD would be July 30, 2021). However, the subsidiary is yet to receive any communication from Central Transmission Utility "CTU"/PGCIL with regards to operationalization of LTA by May end. Further, in contrast, Powergrid Khetri Transmission System Ltd. (appointed by PGCIL to construct necessary infrastructure for LTA operationalization), has intimated their inability to construct LTA by May, 2021 and it is expected that LTA operationalization date would be further delayed. Thereby management is expecting automatic extension of scheduled commissioning date further from July 30, 2021.

Further to above, with regards to delay in PSA approval under Section 86 (1) (b) of Electricity Act 2003 by Jharkhand State Electricity Regulatory Commission (JSERC), multiple representations have already been made to appropriate bodies and an extension of 9-12 months is envisaged from Solar Energy Corporation of India Limited "SECI"/Ministry of New and Renewable "MNRE" on this ground"

58 Due to outbreak of Covid-19 in India and globally, the Group has continued its assessment of likely adverse impact on economic environment in general and financial risks on account of Covid-19. Considering that the Group is in the business of generation of electricity which is an essential service as emphasised by the Ministry of Home Affairs and Ministry of Power, Government of India and which is granted "Must Run" status by Ministry of New and Renewable Energy ("MNRE"), the management believes that the impact of outbreak on the business and financial position of the Group is not significant. Further, MNRE directed that the payment to Renewable Energy power generator shall be done on regular basis as being done prior to lockdown and the Group has generally received regular collection from its customers. The Group is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimise the impact of the unprecedented situation.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these financial statements and the Group will continue to monitor any material changes to future economic conditions.

59 The Group undertook impairment testing of all relevant CGUs as at March 31, 2021 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 9.71% - 11.70% (post- tax discount rate of 8.36% - 10.65%). The Group has financial projections up to 25 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 Wind Power (Pratapgarh) Private Limited and Clean Wind Power (Devgarh) Private Limited where an impairment loss of Rs 70.47 million an Rs 33.76 million respectively, 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)** |
|---|---|---|---|---|
| Bhadla * | 14,375.93 | 14,630.89 | 2.5% in PLF | 375.58 |
| | | | 0.25% in WACC | 262.00 |
| | | | 2.5% in PLF and 0.25% in WACC | 631.03 |
| Waaneep | 6,147.55 | 6,252.49 | 5% in PLF | 309.88 |
| | | | 0.25% in WACC | 101.31 |
| | | | 0.50% in WACC | 199.88 |
| | | | 5% in PLF and 0.25% in WACC | 405.34 |

* The Group do not expect variation of more than 2.5% in Revenue and 0.25% in WACC in Bhadla project, being a SECI solar park project,

60 **Final settlement agreement with Waaree Energies Limited**

Subsequent to March 31, 2021, Waaneep Solar Private Limted (the subsidiary) along with Hero Solar Energies Private Limited (HSE) (subsidiary) has entered into agreement with Waaree Energies Limited (WEL) on April 28, 2021 ("the Agreement") to settle dues with respect to acquisition of the subsidiary by HSE 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 HSE 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 HSE has recorded receivables amounting to Rs. 68.00 million as on March 31, 2021.

**61** 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.

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

PRAVIN TULSYAN
Digitally signed by PRAVIN TULSYAN
DN: cn=PRAVIN TULSYAN, c=IN, o=Personal, email=pravin.tulsyan@srb.in
Location: Gurugram
Date: 2021.06.24 23:45:47 +05'30'

**per Pravin Tulsyan**
Partner

Place: Gurugram
Date : June 24, 2021

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

RAHUL MUNJAL
Digitally signed by RAHUL MUNJAL
Date: 2021.06.24 22:33:56 +05'30'

**Rahul Munjal**
Chairman and Managing Director
DIN: 00118339

RENU MUNJAL
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**Renu Munjal**
Director
DIN: 00012870

SRIVATSAN SRINIVAS IYER
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Date: 2021.06.24 22:35:50 +05'30'

**Srivatsan Srinivas Iyer**
Chief Executive Officer

BENJAMIN PAUL FRASER
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Date: 2021.06.24 22:41:12 +05'30'

**Benjamin Paul Fraser**
Group Chief Financial Officer

MAYUR MAHESHWARI
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Date: 2021.06.24 23:34:01 +05'30'

**Mayur Maheshwari**
Company Secretary
M.No.- F7379

Place: New Delhi
Date : June 24, 2021

*Year Ended March 31, 2021, Consolidated Financial Results*

***Operating Results***

*Revenue from contract with customers*

Revenue from contract with customers increased to Rs. 13,265.42 million for the fiscal year ended March 31, 2021 from Rs. 12,127.32 million for the fiscal year ended March 31, 2020. This increase was primarily due to a solar project (300 MW) being operational for a longer period in the current year as compared to previous year. This increase is offset by lower wind speed in wind power plants impacting the generation during high wind season.

Generation for the fiscal year ended March 31, 2021 and March 31, 2020 was 2,948.67 GWh million units and 2,397.24 GWh million units, respectively, representing a 23.00% increase as compared to the fiscal year ended March 31, 2020.

*Other income*

Other income increased to Rs. 1,025.57 million for the fiscal year ended March 31, 2021 from Rs. 896.38 million for the fiscal year ended March 31, 2020, primarily on account of Rs. 118.25 million gain on loss of control of subsidiary, and Rs. 207.67 million increase in interest income on fixed deposits and income tax refund. These effects are partially offset by a Rs. 180.71 million decrease in gain on settlement of derivative.

*Expenses*

Cost of material consumed

Cost of materials consumed increased to Rs. 127.97 million for the fiscal year ended March 31, 2021 from Rs. 40.03 million for the fiscal year ended March 31, 2020, primarily increased in line with increase in revenue of rooftop projects (C&I).

Employee benefits expense

Employee benefits expense decreased to Rs. 651.22 million for the fiscal year ended March 31, 2021 from Rs. 711.50 million for the fiscal year ended March 31, 2020, primarily due to decrease in employee stock option plan expenses (provision) which is partially offset by increase in salaries and wages on account of (i) the annual increment cycle and (ii) accounting effect wherein, employee benefits expenses were capitalized as a part of project cost in certain projects for the year ending March 31, 2020.

Finance costs

Finance costs increased to Rs. 12,016.53 million for the fiscal year ended March 31, 2021 from Rs. 10,206.26 million for the fiscal year ended March 31, 2020. This increase was primarily due to (i) Rs. 1,441.24 million increase in interest on debts and borrowings on account of finance cost capitalised as a part of project cost in certain projects for the year ending March 31, 2020, (ii) Rs. 389.97 million accretion of interest on compulsory convertible preference shares and (iii) Rs. 295.19 million increase in other finance cost on account of prepayment penalty for preclosure of long-term borrowings consequent to issuance of 4.25% Senior secured notes, which is partially offset by a Rs. 325.97 million decrease in Interest on Non-Convertible Debenture (NCD).

For the fiscal year ended March 31, 2021, and 2020, the HFE Group capitalized Rs. 6.45 million and Rs. 592.01 million of borrowing costs, respectively.

Depreciation and amortization expense

Depreciation and amortization expense increased to Rs. 4,255.68 million for the fiscal year ended March 31, 2021 from Rs. 3,788.37 million for the fiscal year ended March 31, 2020, primarily due to the higher asset base resulting from commission of a 300 MW solar energy project.

Impairment of assets

Impairment of assets was Rs. 553.51 million for the fiscal year ended March 31, 2021, compared to Rs. 150 million for the fiscal year ended March 31, 2020. Impairments in the fiscal year ended March 31, 2021 primarily resulted from (i) impairment of Property, plant & equipment of Rs. 104.23 million at Clean Wind Power (Devgarh) Private Limited and Clean Wind Power (Pratapgarh) Private Limited; (ii) impairment of Goodwill of Rs. 145.26 million at Bilwara Green Energy Limited; (iii) impairment of Capital work-in-progress of Rs. 45.42 million at Clean Wind Power (Satara) Private Limited; and (iv) charge of Rs. 258.60 million in respect of inventory of capital items held by Clean Solar Power (Jaipur) Private Limited based on an assessment of its current market price, taking account of its physical condition and obsolescence.

Other expenses

Other expenses increased to Rs. 2,732.64 million for the fiscal year ended March 31, 2021 from Rs. 2,653.69 million for the fiscal year ended March 31, 2020, primarily due to (i) Rs. 236.40 million increase in operation and maintenance expenses arising from commissioning of a 300 MW solar energy project, (ii) Rs. 103.19 million increase in insurance expenses (iii) Rs. 99.34 million increase in liquidated damages, and (iv) Rs. 226.01 million increase in mark-to-market losses on derivative instruments. These effects are partially offset by a decrease of Rs. 573.53 million exchange fluctuation expense due to favorable exchange rate.

*Tax expense*

Tax credit increased to a net tax credit of Rs. 598.02 million for the fiscal year ended March 31, 2021, from a net tax expense of Rs. 40.12 million for the fiscal year ended March 31, 2020 primarily due to recognition of deferred tax assets on carryforward losses.

*Net profit/(loss) for the period*

As a result of the foregoing, loss for the period increased to Rs. 5,448.54 million for the fiscal year ended March 31, 2021, from Rs. 4,566.27 million for the fiscal year ended March 31, 2020.

### ***Cash Flow Discussion***

*Net cash from operating activities*

In the fiscal year ended March 31, 2021, the net cash flow from operating activities was Rs. 8,919.64 million. This net cash inflow was primarily attributable to operating profit before working capital changes. The operating profit before working capital changes was Rs 10,380.93 million for the fiscal year ended March 31, 2021. The changes in working capital for the fiscal year ended March 31, 2021, was primarily due to (i) an increase in other financial liabilities of Rs 345.20 million, (ii) increase in other liabilities and provisions of Rs. 124.97 million, (iii) tax refund of Rs. 767.72 million and (iv) an increase in trade and other payables of Rs 360.92 million, which are partially offset by (i) an increase in other assets of Rs 361.89 million, an increase in trade and other receivables of Rs 1,530.98 million on account of overdue of trade receivables and an increase in other financial assets of Rs. 1,149.94 million.

*Net cash flow from investing activities*

In the fiscal year ended March 31, 2021, the net cash flow from investing activities was Rs. 856.51 million, which primarily consisted of net proceeds from maturity of fixed deposits with banks of Rs 1,811.53 million, interest received of Rs. 327.81 million, proceeds from sale of equity shares of subsidiary of Rs. 44.15 million and net proceeds from sale of mutual funds of Rs. 144.99 million. These effects were partially offset by net purchases of property, plant and equipment including capital work in progress, intangibles, capital creditors and capital advances of Rs. 1,399.00 million and investment in fellow subsidiary of Rs. 72.97 million.

*Net cash generated used in financing activities*

In the fiscal year ended March 31, 2021, the net cash used in financing activities was Rs. 11,806.22 million, which primarily consisted of Rs. 14,927.08 million of repayments made on borrowings and interest paid of Rs. 8,995.79 million. These effects were partially offset by Rs. 11,405.09 million of proceeds from long-term borrowings, proceeds from issue of compulsory convertible preference shares of Rs 789.62 million.