

INDEPENDENT AUDITOR'S REPORT

To the Members of Heramba Renewables Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Heramba Renewables Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by 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 state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid 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) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Amit Chugh**
Partner

Membership Number: 505224



Place of Signature: Gurugram

Date: 25 May 2018

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

Re: Heramba Renewables Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of section 185 of the Companies Act, 2013 are applicable. Further, since the Company is an infrastructure company within the meaning of Schedule VI of the Companies Act, 2013, the provision of section 186 of the Companies Act, 2013 is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, sales-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, employees' state insurance, duty of excise and duty of custom are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per **Amit Chugh**
Partner



Membership Number: 505224

Place of Signature: Gurugram

Date: 25 May 2018

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Heramba Renewables 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 have audited the internal financial controls over financial reporting of Heramba Renewables Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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. 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 Company has, in all material respects, an adequate internal financial controls system 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, 2018, based on the internal control over financial reporting criteria established by the 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.

For S.R. Batliboi & Co. LLP

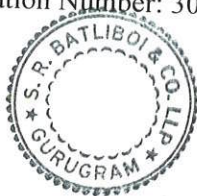
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per **Amit Chugh**

Partner

Membership Number: 505224



Place of Signature: Gurugram

Date: 25 May 2018

Heramba Renewables Limited (Formerly known as Heramba Wind Energy Limited)

Balance Sheet as at 31 March 2018

(Amounts in INR thousands, unless otherwise stated)

| | Notes | As at 31 March 2018 | As at 31 March 2017 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1,378,470 | 57,365 |
| Capital work in progress | 3 | - | 14,953 |
| Financial assets | | | |
| Loans | 4 | 486 | - |
| Others | 4 | - | 23,897 |
| Other non-current assets | 5 | 365 | 20 |
| Prepayments | 7 | 35,200 | - |
| Total Non-current assets | | 1,414,521 | 96,235 |
| Current assets | | | |
| Financial assets | | | |
| Cash and cash equivalent | 6 | 22,925 | 56,763 |
| Others | 4 | 22,965 | 17,156 |
| Prepayments | 7 | 3,048 | - |
| Total current assets | | 48,938 | 73,919 |
| TOTAL ASSETS | | 1,463,459 | 170,154 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 8 | 93,300 | 48,400 |
| Other equity | | | |
| Retained earnings | 9E | (2,611) | (1,107) |
| Equity component of compulsorily convertible debenture | 9E | 36,692 | 15,331 |
| Total Equity | | 127,381 | 62,624 |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Long-term borrowings | 10 | 1,202,642 | 100,259 |
| Deferred tax liabilities (net) | 11 | 7,937 | 6,856 |
| Other non-current liabilities | 12 | 559 | - |
| Total Non-current liabilities | | 1,211,138 | 107,115 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 13 | 7,221 | 77 |
| Others | 14 | 117,604 | - |
| Other current liabilities | 15 | 115 | 338 |
| Total current liabilities | | 124,940 | 415 |
| TOTAL LIABILITIES | | 1,336,078 | 107,530 |
| TOTAL EQUITY AND LIABILITIES | | 1,463,459 | 170,154 |

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants



per **Amit Chugh**

Partner

Membership No.: 505224

Place: Gurugram

Date: 25 May 2018



For and on behalf of the Heramba Renewables Limited
(formerly known as Heramba Wind Energy Limited)



Shailendra Pratap Singh

Director

DIN : 02869796

Place: Gurugram

Date: 25 May 2018



Pawan Kumar Gupta

Director

DIN : 07700845

Place: Gurugram

Date: 25 May 2018



Akansha Kalia

ACS No. 35683

Place: Gurugram

Date: 25 May 2018

Heramba Renewables Limited (Formerly known as Heramba Wind Energy Limited)
Statement of Profit and Loss for the year ended 31 March 2018
(Amounts in INR thousands, unless otherwise stated)

| | Notes | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------|-------------------------------------|-------------------------------------|
| Income: | | | |
| Revenue from operations | 16 | 81,612 | - |
| Other income | 17 | 1,347 | - |
| Total income | | 82,959 | - |
| Expenses: | | | |
| Other expenses | 18 | 12,304 | 633 |
| Total expenses | | 12,304 | 633 |
| Earning before interest, tax, depreciation and amortization (EBITDA) | | 70,655 | (633) |
| Depreciation expense | 20 | 23,620 | - |
| Finance costs | 19 | 54,963 | 118 |
| Loss before tax | | (7,928) | (751) |
| Tax expense | | | |
| Deferred tax | 11 | (6,424) | - |
| Loss for the year | | (1,504) | (751) |
| Total comprehensive loss for the year | | (1,504) | (751) |
| Earnings per share | | | |
| Basic | 21 | (0.17) | (0.21) |
| Diluted | 21 | (0.17) | (0.21) |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

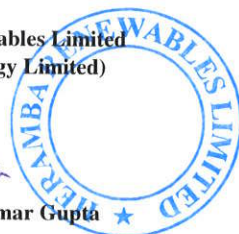

per Amit Chugh
Partner
Membership No.: 505224
Place: Gurugram
Date: 25 May 2018



For and on behalf of the Heramba Renewables Limited
(formerly known as Heramba Wind Energy Limited)


Shailendra Pratap Singh
Director
DIN : 02869796
Place: Gurugram
Date: 25 May 2018


Pawan Kumar Gupta
Director
DIN : 07700845
Place: Gurugram
Date: 25 May 2018



Akansha Kalia
ACS No. 35683
Place: Gurugram
Date: 25 May 2018

| Particulars | March 31, 2018 | March 31, 2017 |
|---|--------------------|-----------------|
| Cash flow from operating activities | | |
| Profit/ (loss) before tax | (7,928) | (751) |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and Amortization Expense | 23,620 | - |
| Interest Income | (1,347) | - |
| Interest expense | 54,712 | 5 |
| Operating profit before working capital changes | 69,057 | (746) |
| Movements in working capital : | | |
| (Increase) /Decrease in Trade receivables | - | (17,146) |
| (Increase) /Decrease in financial assets | 17,603 | (23,916) |
| (Increase) /Decrease in other non current assets | 345 | - |
| (Increase) /Decrease in prepayments | (38,246) | - |
| Increase / (Decrease) in trade payables | 7,144 | - |
| Increase / (Decrease) in other liabilities | 335 | (652) |
| Cash generated from operations | 56,238 | (42,460) |
| Direct Taxes (Paid) | - | - |
| Net cash flow from operating activities | 56,238 | (42,460) |
| Cash flows from investing activities | | |
| Purchase of fixed assets, including CWIP and capital advances | (1,246,438) | (69,830) |
| Interest Received | 1,344 | - |
| Net cash flow from investing activities | (1,245,094) | (69,830) |
| Cash flow from financing activities | | |
| Proceeds from issuance of Share Capital | 44,900 | 48,400 |
| Proceeds from issuance of compulsorily convertible debentures | 156,900 | 120,600 |
| Proceeds from long term loan | 997,872 | 34 |
| Interest on term loan paid | (44,654) | - |
| Net cash flow from financing activities | 1,155,018 | 169,034 |
| Net decrease in cash and cash equivalents | (33,838) | 56,744 |
| Cash and cash equivalents at the beginning of the year | 56,763 | 19 |
| Cash and cash equivalents at the end of the year | 22,925 | 56,763 |
| Components of Cash and Cash equivalents | | |
| Balance with bank | | |
| On current accounts | 15,339 | 56,763 |
| Deposits with original maturity of less than 3 months | 7,586 | - |
| | 22,925 | 56,763 |

| Ind AS 7 | Opening balance as at 1 April 2017 | Cash flows (net) | Other changes | Closing balance as at 31 March 2018 |
|---|---------------------------------------|------------------|-----------------|--|
| Long-term borrowings (including current maturities) | 100,259 | 1,154,772 | (15,799) | 1,239,232 |
| Total liabilities from financing | 100,259 | 1,154,772 | (15,799) | 1,239,232 |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

per Amit Chugh

Partner

Membership No.: 505224

Place: Gurugram

Date: 25 May 2018



For and on behalf of the Heramba Renewables Limited
(formerly known as Heramba Wind Energy Limited)

Shailendra Pratap Singh

Director

DIN : 02869796

Place: Gurugram

Date: 25 May 2018

Pawan Kumar Gupta

Director

DIN : 07700845

Place: Gurugram

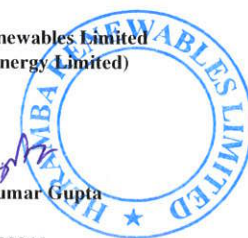
Date: 25 May 2018

Akansha Kalia

ACS No. 35683

Place: Gurugram

Date: 25 May 2018



| Particulars | Attributable to the equity holders of the Company | | | Total equity |
|---|---|--|-------------------|--------------|
| | Equity share capital | Reserves and Surplus | | |
| | | Equity component of compulsorily convertible debenture | Retained earnings | |
| | (refer note 8) | (refer note 9E) | (refer note 9E) | |
| At 1 April 2016 | 0 | - | (356) | (356) |
| Loss for the year | - | - | (751) | (751) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | (1,107) | (1,107) |
| Equity shares issued during the year | 48,400 | - | - | 48,400 |
| Compulsorily convertible debentures (net of deferred tax) | - | 15,331 | - | 15,331 |
| At 31 March 2017 | 48,400 | 15,331 | (1,107) | 62,624 |
| Loss for the year | - | - | (1,504) | (1,504) |
| Total Comprehensive Income | - | - | (2,611) | 61,120 |
| Equity shares issued during the year | 44,900 | - | - | 44,900 |
| Compulsorily convertible debentures (net of deferred tax) | - | 21,361 | - | 21,361 |
| At 31 March 2018 | 93,300 | 36,692 | (2,611) | 127,381 |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

per Amit Chugh

Partner

Membership No.: 505224

Place: Gurugram

Date: 25 May 2018



For and on behalf of the Heramba Renewables Limited
(formerly known as Heramba Wind Energy Limited)

Shailendra Pratap Singh

Director

DIN : 02869796

Place: Gurugram

Date: 25 May 2018

Pawan Kumar Gupta

Director

DIN : 07700845

Place: Gurugram

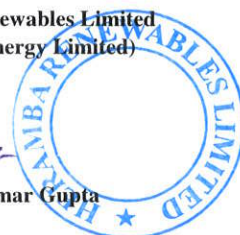
Date: 25 May 2018

Akansha Kalia

ACS No. 35683

Place: Gurugram

Date: 25 May 2018



1A General information

Heramba Renewables Limited ('the Company') (Formerly known as Heramba Wind Energy Limited erstwhile known as Sirocco Windfarms Private Limited) is a public limited company domiciled in India. The Company is engaged in the business of sale of power generated through solar energy system and development of solar energy power park. The Solar power plant of the Company is situated at Badisid Site, District Jodhpur, State Rajasthan. The registered office of the Company is located at The registered office of the Company is located at SUZLON 5, Shrimali society, Near Shri Krishna Complex, Navrangpura, Ahmedabad, Gujarat - 380009. The Company is carrying out business activities relating to generation of power through non-conventional and renewable energy sources. The Financial Statements of the Company were authorised for issue by the Company's Board of Directors on 25 May 2018.

1B Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended. The Financial Statements have been prepared on accrual basis and under the historical cost convention issued thereunder and other accounting principles generally accepted in India.

The Financial Statements have been prepared using presentation and disclosure requirements of the Schedule III of 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:
- Financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

2 Summary of Significant Accounting Policies

a) Use of Estimates

The preparation of Financial Statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation/settlement in cash and cash equivalents. The company has identified twelve months as their operating cycle for classification of their current assets and liabilities.

c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 Company.

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

The Company 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 Company 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 23 and 24).

At each reporting date, the management of the Company 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 Company.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company 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 period.

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

- Disclosures for significant estimates and assumptions (Refer Note 31)
- Quantitative disclosures of fair value measurement hierarchy (Refer Note 24)
- Financial instruments (including those carried at amortised cost) (Refer Note 23)

d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised:-

Sale of Power

Income from supply of power is recognized on the supply of units generated from the plant to the grid, as per the terms of the PPA entered into with the state electricity board/ private customers.

Dividend

Dividend income is recognised when the right of the Company to receive dividend is established by the reporting date.

Interest income

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 period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company 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

e) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Current income tax assets and liabilities are offset if a legally enforceable right exists to set off these.



Deferred Tax

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

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. 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 situations where company 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 period. Deferred taxes in respect of temporary differences which reverse after the tax holiday period are recognized in the year in which the temporary differences originate. However, the company 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.

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 in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

f) Property, plant and equipment

Capital work-in-progress, 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 if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company 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

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 Company 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.

Gains or losses arising from de-recognition of PPE 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.

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.



g) Intangible assets

Intangible assets acquired separately are measured in initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

h) Depreciation/amortization of PPE

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | Years |
|---|-------|
| Plant and equipment (solar power projects)* | 25 |
| Computers | 3 |

* Based on an external technical assessment, the management believes that the useful lives as given above and residual value of 0%-5%, best represents the period over which management expects to use its assets and its residual value. The useful life of plant and equipment 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.

i) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the company.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs consist of interest, discount on issue, premium payable on redemption and other costs that an entity incurs in connection with the borrowing of funds (this cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs). The borrowing costs are amortised basis the Effective Interest Rate (EIR) method over the term of the loan. The EIR amortisation is recognised under finance costs in the Statement of Profit or Loss. The amount amortized for the period from disbursement of borrowed funds upto the date of capitalization of the qualifying assets is added to cost of the qualifying assets.

k) Leases

As a lessee

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

l) Impairment of non-financial assets

The company 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 company 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 Company 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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company 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.



Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and 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 company 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation.

m) Provisions

Provisions are recognised when the company 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 company 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.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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 EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

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

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments 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). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of P&L. Interest earned whilst holding FVTOCI debt instrument 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 company 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 company 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 Statement of P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present the subsequent changes in the fair value in OCI. The Company 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 company 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.

Other equity investments

All other equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company 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 P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The respective company has transferred their rights to receive cash flows from the asset or have assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; And
- Either the companies under the company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the continuing involvement of company. In that case, the company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

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

The Company 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 Company 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 company 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 period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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



Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 company include trade and other payables, derivative financial instruments, loans and borrowings including bank overdraft.

Subsequent measurement

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

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.

The Company 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.

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 derecognition 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 or Loss.

Compound Instruments- Compulsory Convertible Debentures (CCDs)

Compulsory Convertible Debentures (CCDs) are separated into liability and equity components based on the terms of the contract

Basis the terms of these compound financial instruments the distributions to holders of an equity instrument are being recognised by the entity directly in equity. Transaction costs of an equity transaction are being accounted for as a reduction from equity.

The company recognises interest, dividends, losses and gains relating to such financial instrument or a component that is a financial liability as income or expense in profit or loss.

The present value of the liability part of the compulsory convertible debentures classified under financial liabilities and the equity component is calculated by subtracting the liability from the total proceeds of CCDs.

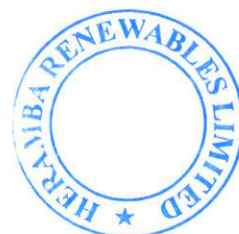
Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. Transaction costs that relate jointly to more than one transaction (for example, cost of issue of debentures, listing fees) are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged/ 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 derecognition 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 or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.



o) Cash and Cash-Equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and cash in 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 Company's cash management.

p) Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The company measure EBITDA on the basis of profit/ (loss) from continuing operations. In their measurement, the companies include interest income but do not include depreciation and amortization expense, finance costs and tax expense.

q) Events occurring after the Balance Sheet date

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

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

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

r) 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 company 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.

s) Earnings per equity share

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 period. 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 period, unless issue data later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods 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'

t) Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

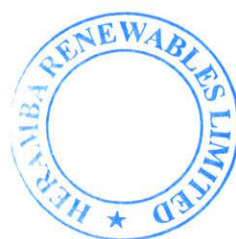
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

The Company has disclosed only those new standards or amendments that are expected to have an impact on its financial position, performance and disclosures.

w) Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying new accounting standard Ind AS 115, 'Revenue from Contracts with Customers' and certain amendments to existing standards. The new standard and amendments are applicable to the Company from 1 April 2018.



- Ind AS 115 Revenue from Contracts with Customers

Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect for the annual reporting periods beginning on or after 1 April 2018.

The Company is evaluating the requirements of the new standard and the effect on the financial statements is being evaluated, thus impact is not known.

- Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the amendment, the Company does not expect any effect on its financial statements.

The Company has disclosed only those new standards or amendments that are expected to have an impact on its financial position, performance and disclosures.



3 Property, plant and equipment

| | Freehold land | Computers | Plant and equipment | Total Property, plant and equipment | Capital work in progress |
|--|---------------|-----------|---------------------|-------------------------------------|--------------------------|
| At 1 April 2016 | - | - | - | - | 642 |
| Additions | 57,365 | - | - | 57,365 | 14,311 |
| At 31 March 2017 | 57,365 | - | - | 57,365 | 14,953 |
| Additions during the year (refer Note 32)^ | - | 25 | 1,344,700 | 1,344,725 | 1,329,747 |
| Capitalised during the year | - | - | - | - | (1,344,700) |
| At 31 March 2018 | 57,365 | 25 | 1,344,700 | 1,402,090 | - |
| Depreciation | | | | | |
| At 1 April 2016 | - | - | - | - | - |
| Charge for the year (refer note 20) | - | - | - | - | - |
| At 31 March 2017 | - | - | - | - | - |
| Charge for the year (refer note 20) | - | 4 | 23,616 | 23,620 | - |
| At 31 March 2018 | - | 4 | 23,616 | 23,620 | - |
| Net book value | | | | | |
| At 31 March 2017 | 57,365 | - | - | 57,365 | 14,953 |
| At 31 March 2018 | 57,365 | 21 | 1,321,084 | 1,378,470 | - |

Mortgage and hypothecation on Property, plant and equipment:

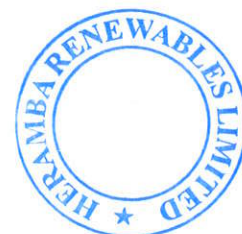
Property, plant and equipment with a carrying amount of INR 1,378,470 (31 March 2017: INR NIL) are subject to a pari passu first charge to respective lenders for project term loans and debentures as disclosed in Note 10.

^ Capitalised borrowing costs

The amount of borrowing costs capitalised during the period ended 31 March 2018 was INR 21,088 (31 March 2017 INR 1,846). The rate used to determine the amount of borrowing costs eligible for capitalisation was the effective interest rate of the specific borrowing.



| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| 4 Financial assets | | |
| Non-current (unsecured, considered good unless stated otherwise) | | |
| Loans | | |
| Security deposits | 486 | - |
| Total | 486 | - |
| Others | | |
| Capital advances | - | 23,897 |
| Total | - | 23,897 |
| Current (unsecured, considered good unless stated otherwise) | | |
| Others | | |
| Unbilled revenue | 22,964 | - |
| Advance Recoverable | - | 8,629 |
| Interest accrued on deposits | 1 | - |
| Other receivables | - | 8,527 |
| Total | 22,965 | 17,156 |
| 5 Other assets | | |
| Non-current (unsecured, considered good unless otherwise stated) | | |
| Security deposits | 365 | 20 |
| TOTAL | 365 | 20 |
| 6 Cash and cash equivalents | | |
| Balance with bank | | |
| On current accounts | 15,339 | 56,763 |
| Deposits with original maturity of less than 3 months | 7,586 | - |
| TOTAL | 22,925 | 56,763 |
| 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. | | |
| 7 Prepayments | | |
| Non Current (unsecured, considered good unless stated otherwise) | | |
| Prepaid expenses | 35,200 | - |
| | 35,200 | - |
| Current (unsecured, considered good unless stated otherwise) | | |
| Prepaid expenses | 3,048 | - |
| TOTAL | 3,048 | - |



8 Equity share capital

Authorized share capital

Equity shares of INR 10 each

At 1 April 2016

Increase during the year

At 31 March 2017

Increase during the year

At 31 March 2018

| | Number of shares | Amount |
|--------------------------|------------------|---------|
| At 1 April 2016 | 1,000,000 | 10,000 |
| Increase during the year | 3,900,000 | 39,000 |
| At 31 March 2017 | 4,900,000 | 49,000 |
| Increase during the year | 13,700,000 | 137,000 |
| At 31 March 2018 | 18,600,000 | 186,000 |

Subscribed and fully paid up

Equity shares of INR 10 each issued, subscribed and fully paid up

At 1 April 2016

Shares issued during the year

At 31 March 2017

Shares issued during the year

At 31 March 2018

| | | |
|-------------------------------|-----------|--------|
| At 1 April 2016 | 20 | 0 |
| Shares issued during the year | 4,840,000 | 48,400 |
| At 31 March 2017 | 4,840,020 | 48,400 |
| Shares issued during the year | 4,489,980 | 44,900 |
| At 31 March 2018 | 9,330,000 | 93,300 |

9A Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian rupees.

The dividend proposed, if any, by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder 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.

9B Shares held by the holding company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by Suzlon Energy Limited ('SEL'), its holding company, are as below:

| | 31 March 2018 | | 31 March 2017 | |
|--|------------------|--------|------------------|--------|
| | Number of shares | Amount | Number of shares | Amount |
| Suzlon Energy Limited, along with its nominees | - | - | 4,840,020 | 48,400 |

Suzlon Energy Limited was the Holding Company upto 24 May 2017. As on 31 March 2018, Suzlon Energy Limited and Ostro Energy Private Limited have joint control over the company.

9C Details of shareholders holding more than 5% shares in the Company

| | 31 March 2018 | | 31 March 2017 | |
|--|------------------|-----------|------------------|-----------|
| | Number of shares | % Holding | Number of shares | % Holding |
| Equity shares of Rs 10 each fully paid | | | | |
| Suzlon Energy Limited | 4,758,300 | 51% | 4,840,020 | 100% |
| Ostro Energy Private Limited | 4,571,700 | 49% | | |

As per the records of the Company, including its register of shareholders members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

9D No shares have been allotted without payment of cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

9E Other equity

Retained earnings

At 1 April 2016

Profit/(loss) for the year

At 31 March 2017

Profit/(loss) for the year

At 31 March 2018

| | |
|----------------------------|---------|
| At 1 April 2016 | (356) |
| Profit/(loss) for the year | (751) |
| At 31 March 2017 | (1,107) |
| Profit/(loss) for the year | (1,504) |
| At 31 March 2018 | (2,611) |

Equity Component of Compulsory Convertible Debentures*

At 1 April 2016

Additions during the year (net of deferred tax) (Refer Note 32)

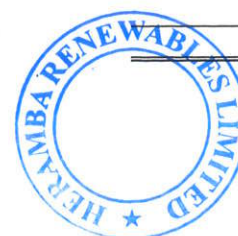
At 31 March 2017

Additions during the year (net of deferred tax)

At 31 March 2018

| | |
|---|--------|
| At 1 April 2016 | - |
| Additions during the year (net of deferred tax) (Refer Note 32) | 15,331 |
| At 31 March 2017 | 15,331 |
| Additions during the year (net of deferred tax) | 21,361 |
| At 31 March 2018 | 36,692 |

* For terms of compulsorily convertible debentures refer note 10



Heramba Renewables Limited (Formerly known as Heramba Wind Energy Limited)

Notes to Financial Statements for the year ended 31 March 2018

(Amounts in INR thousands, unless otherwise stated)

10 Long-term borrowings

| Secured | Effective rate of interest | Maturity | Non-current | | Current | |
|---|----------------------------|--------------------------|------------------|----------------|---------------|---------------|
| | | | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| From financial institutions (secured) | | | | | | |
| Term Loans | 10.98% | 01-Sep-33 | 951,918 | - | 36,590 | - |
| | | | 951,918 | - | 36,590 | - |
| Compulsorily convertible debentures (Unsecured) | | | | | | |
| Liability component of compulsory convertible debentures (Refer Note 32) | 10.70% | January 2027 to May 2027 | 250,724 | 100,259 | - | - |
| | | | 250,724 | 100,259 | - | - |
| Total long-term borrowings | | | 1,202,642 | 100,259 | 36,590 | - |
| Amount disclosed under the head 'Other current financial liabilities' (refer note 14) | | | | | | |
| | | | - | - | (36,590) | - |
| TOTAL | | | 1,202,642 | 100,259 | - | - |

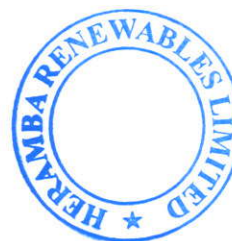
Notes:

(i) Details of terms of repayment and security provided in respect of the term loans:

Secured by a first pari passu charge by way of mortgage on immovable properties, first pari passu charge by way of hypothecation of tangible moveable assets, first charge on all the current assets, intangible assets and accounts. Further secured by way of assignment of all the rights, title, interest, benefit, claims and demands under all the project agreements, letter of credit, insurance contracts and proceeds, guarantees, performance bond etc. of the respective company

(ii) Terms of issue, redemption and security of compulsory convertible debentures

Compulsory Convertible Debenture (CCD) are Compulsorily convertible into equity shares in accordance with the terms of agreement. CCD do not carry any voting rights.



11 Deferred tax

Deferred tax relates to the following:

Deferred tax related to items recognised in OCI:

Deferred tax liabilities (gross)

Compulsorily convertible debentures (refer note 32)

| | 31 March 2018 | 31 March 2017 |
|-----|---------------|---------------|
| | 14,361 | 6,856 |
| (a) | <u>14,361</u> | <u>6,856</u> |

Deferred tax related to items recognised in statement of profit and loss:

Deferred tax liabilities (gross)

Difference in written down value as per books of account and tax laws
Amortization of Ancillary Borrowing Cost

| | | |
|-----|---------------|----------|
| | 96,974 | - |
| | 2,434 | - |
| (b) | <u>99,408</u> | <u>-</u> |

Deferred tax assets (gross)

Operation and maintenance
Compulsorily convertible debentures
Losses available for offsetting against future taxable income

| | | |
|-----|----------------|----------|
| | 146 | - |
| | 7,399 | - |
| | 98,287 | - |
| (c) | <u>105,832</u> | <u>-</u> |

Deferred tax liabilities (net)

(d) = (a) + (b) - (c)

| | | |
|--|--------------|--------------|
| | <u>7,937</u> | <u>6,856</u> |
|--|--------------|--------------|

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

Accounting profit/(loss) before income tax

| | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| | (7,928) | (6,745) |

At India's applicable statutory income tax rate i.e. Minimum Alternate Tax (18.50%)/ Income Tax (25%) plus applicable Surcharge rate (7% to 12 %) and

-

Deferred tax expense reported in the statement of profit and loss*

6,424

At the effective income tax rate

6,424

Current tax expense reported in the statement of profit and loss

-

Deferred tax expense reported in the statement of profit and loss

6,424

Tax for earlier years

-

6,424

* Where deferred tax expense relates to the following :

Difference in written down value as per books of account and tax laws

(96,974)

Compulsory convertible debentures

7,399

Operation and maintenance

146

Amortization of Ancillary Borrowing Cost

(2,434)

Losses available for offsetting against future taxable Income

98,287

6,424

Reconciliation of deferred tax liabilities (net):

Opening balance of Deferred tax liabilities (net) on 1 April 2017

Deferred tax income/(expense) during the period recognised in profit or loss

Deferred tax on initial recognition of compound financial instruments (netted through equity)

Closing balance of Deferred tax liabilities (net) as at 31 March 2018

| | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| | 6,856 | - |
| | (6,424) | - |
| | 7,505 | 6,856 |
| | <u>7,937</u> | <u>6,856</u> |

The company has unabsorbed depreciation which arose in India of INR 378,027 (31 March 2017: INR Nil;). The unabsorbed depreciation will be available for offsetting against future taxable profits of the Company.

The Company has recognised deferred tax asset of INR 98,287, (31 March 2017: INR Nil) utilisation of which is dependent on future taxable profits. The future taxable profits are based on projections made by the management considering the power purchase agreement with power procurer.



12 Other non-current liabilities

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Provision for operation and maintenance equalisation | 559 | - |
| TOTAL | 559 | - |

13 Trade payables

| | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Outstanding dues to micro and small enterprises (refer note 29) | - | - |
| Others | 7,221 | 77 |
| TOTAL | 7,221 | 77 |

14 Other financial liabilities

| | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Current | | |
| Financial liabilities at amortised cost | | |
| Current maturities of long term borrowings (refer note 10) | 36,590 | - |
| Others | | |
| Capital creditors | 81,014 | - |
| TOTAL | 117,604 | - |

15 Other current liabilities

| | As at 31 March 2018 | As at 31 March 2017 |
|----------------|------------------------|------------------------|
| Other payables | - | 338 |
| Statutory dues | 115 | - |
| TOTAL | 115 | 338 |



| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|------------------------------------|-------------------------------------|-------------------------------------|
| 16 Revenue from operations | | |
| Sale of power | 81,612 | - |
| TOTAL | 81,612 | - |
| 17 Other income | | |
| Interest income | | |
| On fixed deposit with banks | 1,347 | - |
| TOTAL | 1,347 | - |
| 18 Other expenses | | |
| Operation and maintenance expenses | 5,929 | - |
| Legal and professional fees | 1,048 | 614 |
| Communication cost | 10 | - |
| Management shared services | 977 | - |
| Insurance expenses | 1,210 | - |
| Rates and taxes | 1,817 | - |
| -Others | 4 | - |
| Travelling and conveyance | 763 | - |
| Auditor's remuneration | 522 | 17 |
| Miscellaneous expense | 25 | 2 |
| Total | 12,304 | 633 |
| Payment to Auditors | | |
| As auditor: | | |
| - Audit fee | 490 | 17 |
| - Limited Review | 32 | - |
| | 522 | 17 |
| 19 Finance costs | | |
| Interest expense on | | |
| term loans | 43,937 | - |
| debentures | 10,775 | 5 |
| Other finance cost | 251 | 113 |
| Total | 54,963 | 118 |
| 20 Depreciation expense | | |
| Depreciation of tangible assets | 23,620 | - |
| Total | 23,620 | - |



(Amounts in INR thousands, unless otherwise stated)

21 Earnings per share (EPS)

The following reflects the profit/(loss) and share data used for the basic and diluted EPS computations:

| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Profit/(Loss) attributable to equity holders for basic earnings | (1,504) | (751) |
| Interest on compulsory convertible debentures | 10,775 | - |
| | 9,270 | (751) |
| Net profit/(loss) for calculation of basic EPS | (1,504) | (751) |
| Weighted average number of equity shares for calculating basic EPS | 8,653,428 | 3,584,150 |
| Basic earnings per share | (0.17) | (0.21) |
| Net profit/(loss) for calculation of diluted EPS | (1,504) | (751) |
| Weighted average number of equity shares for calculating diluted EPS* | 8,653,428 | 3,584,150 |
| Diluted earnings per share | (0.17) | (0.21) |
| | No. of shares | No. of shares |
| Weighted average number of equity shares in calculating basic EPS | 8,653,428 | 3,584,150 |
| Effect of dilution | | |
| Convertible equity for compulsory convertible debentures (CCD) | 25,385,753 | 2,279,836 |
| Weighted average number of equity shares in calculating diluted EPS | 34,039,181 | 5,863,986 |

* Since the effect of conversion of compulsorily convertible debentures was anti-dilutive, it has not been considered for the purpose of computing Diluted EPS.



22 Related party disclosures

a) Names of related parties and related party relationship

| | |
|------------------------------|---|
| Entities with joint control | Suzlon Energy Limited (holding company till 24 May 2017) Ostro Energy Private Limited |
| Entities with common control | Suzlon Global services Limited ((holding company till 24 May 2017) Suzlon Gujarat Wind Private Limited ((holding company till 24 May 2017) |

Related parties under AS 18

b) Details of transactions with related parties:

| Name of Related Party | Nature of transaction | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|--|--------------------------|--------------------------|
| Suzlon Energy Limited | Allotment of equity share capital | - | 48,400 |
| | Interest expenses* | - | 5 |
| | Capital advances given | - | 32,423 |
| | Reimbursement of expenses | - | 3,203 |
| | Issue of compulsorily convertible debentures | 20,925 | 120,600 |
| | Interest free loans from holding company | - | 76 |
| | Purchase of Capital goods & Services | 1,169,933 | - |
| Suzlon Gujarat Wind Private Limited | Purchase of Capital goods & Services | 99,340 | - |
| Suzlon Global services Limited | Operation and Maintenance expenses | 5,570 | - |
| Ostro Energy Private Limited | Allotment of equity share capital | 45,717 | - |
| | Management shared services# | 12,327 | - |
| | Reimbursement of expenses | 2,749 | - |
| | Issue of compulsorily convertible debentures | 135,975 | - |
| Abha Solarfarms Limited | Payment received on behalf of company | 292 | - |
| | | - | - |

* Interest expenses is capitalised under capital work in progress.

The holding company has charged certain common expenses to its subsidiary companies on the basis of its best estimate of expenses incurred for each of its subsidiary companies and recovered the said expenses in form of 'Management Shared Services'. The management believes that the method adopted by the holding company is most appropriate basis for recovering of such common expenses.

c) Details of outstanding balances with holding Company:

| Name of Related Party | Balance Outstanding | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|---------------------------|--------------------------|--------------------------|
| Suzlon Energy Limited | Advance for capital goods | - | 32,423 |
| | Trade payable | 76 | 76 |
| | Capital creditors | 35,140 | - |
| Suzlon Gujarat Wind Private Limited | Capital creditors | 38,460 | - |
| Ostro Energy Private Limited | Capital creditors | 2,749 | - |
| | Trade payable | 699 | - |
| Suzlon Global Services Limited | Trade payable | 5,570 | - |
| Abha Solarfarms Limited | Trade Payable | 292 | - |

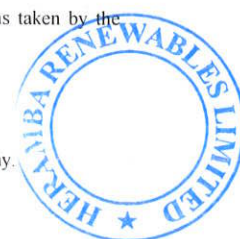
d) The Term Loan is covered by corporate guarantee of Ostro Energy Private Limited, till the execution of PPA and perfection of security.

e) Ostro Energy Private Limited has pledged 1,359,750 (March 31, 2017: Nil) compulsorily convertible debentures of the company in respect of term loans taken by the Company.

Suzlon Energy Limited, has pledged 693,750 (March 31, 2017: Nil) compulsorily convertible debentures of the company in respect of term loans taken by the Company.

Suzlon Energy Limited, has pledged 2,332,500 (March 31, 2017: Nil) equity shares of the company in respect of term loans taken by the Company.

Ostro Energy Private Limited has pledged 4,571,700 (March 31, 2017: Nil) equity shares of the company in respect of term loans taken by the Company.



23 Fair values

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

| | 31 March 2018 | | 31 March 2017 | |
|-----------------------------------|----------------|------------|----------------|------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Loans | 486 | 486 | - | - |
| Cash and cash equivalent | 22,925 | 22,925 | 56,763 | 56,763 |
| Other financial assets | 22,965 | 22,965 | 41,053 | 41,053 |
| Financial liabilities | | | | |
| Term loans | 951,918 | 951,918 | - | - |
| Compulsory convertible debentures | 250,724 | 250,724 | 100,259 | 100,259 |
| Trade payables | 7,221 | 7,221 | 77 | 77 |
| Others | 117,604 | 117,604 | - | - |

The management of company assessed that cash and cash equivalents, trade receivables, trade payables, short term borrowings, other current financial liabilities and other current financial assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

- The fair values of the company's term loans from banks and financial institutions including current maturities are determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.



The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

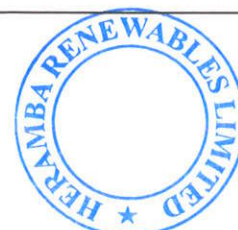
- i) Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii) Level 2 - Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- iii) Level 3 - Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

The following table provides the fair value measurement hierarchy of the assets and liabilities of the Company :-

Quantitative disclosures fair value measurement hierarchy for assets/liabilities at the year end:

| | Level of fair value measurement | 31 March 2018 | | 31 March 2017 | |
|---|---------------------------------|------------------|------------------|----------------|----------------|
| | | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets not measured at fair value | | | | | |
| Measured at amortised cost | | | | | |
| Financial Assets (Non current): Loans | | | | | |
| Loans | Level 2 | 486 | 486 | - | - |
| Other financial assets | Level 2 | - | - | 23,897 | 23,897 |
| Total | | 486 | 486 | 23,897 | 23,897 |
| Financial Assets (Current): Others | | | | | |
| Loans | Level 2 | - | - | - | - |
| Other current financials assets | Level 2 | 22,965 | 22,965 | 17,156 | 17,156 |
| Total | | 22,965 | 22,965 | 17,156 | 17,156 |
| Cash and bank balances | Level 2 | 22,925 | 22,925 | 56,763 | 56,763 |
| Financial liabilities not measured at fair value | | | | | |
| Measured at amortised cost | | | | | |
| Long-term borrowings | | | | | |
| Compulsorily Convertible Debentures | Level 2 | 250,724 | 250,724 | 100,259 | 100,259 |
| Term loan in Indian rupees from financial institution | Level 2 | 951,918 | 951,918 | - | - |
| Total | | 1,202,642 | 1,202,642 | 100,259 | 100,259 |
| Short-term borrowings | Level 2 | - | - | - | - |
| Trade payables | Level 2 | 7,221 | 7,221 | 77 | 77 |
| Financial liabilities (Current): Others | | | | | |
| Current maturities of long term borrowings | Level 2 | 117,604 | 117,604 | - | - |
| Total | | 117,604 | 117,604 | - | - |

| Particulars | Fair value hierarchy | Valuation technique | Inputs used |
|--|----------------------|----------------------|--|
| Financial assets not measured at fair value | | | |
| Loans | Level 2 | Discounted cash | Prevailing interest rates in the market, Future cash flows |
| Cash and cash equivalent | Level 2 | Discounted cash | Prevailing interest rates in the market, Future cash flows |
| Other financial assets | Level 2 | Discounted cash | Prevailing interest rates in the market, Future cash flows |
| Financial liabilities | | | |
| Term loans from banks and financial institutions | Level 2 | Discounted cash flow | Prevailing interest rates in the market, Future payouts |
| Debentures | Level 2 | Discounted cash flow | Prevailing interest rates in the market, Future cash flows |
| Short-term borrowings | Level 2 | Discounted cash flow | Prevailing interest rates in the market, Future cash flows |
| Trade payables | Level 2 | Discounted cash flow | Prevailing interest rates in the market, Future cash flows |
| Others | Level 2 | Discounted cash flow | Prevailing interest rates in the market, Future cash flows |



25 Financial Risk Management objectives and policies

The financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, Investments, trade receivables, cash and cash equivalents and other financial assets. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market Risk

Market risk is the risk that the Company's assets and liabilities will be exposed to due to a change in market prices that determine the valuation of these financial instruments. Market risk comprises 3 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 include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018. 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 and on the basis of hedge designations in place as at 31 March 2018.

Interest rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily from the external borrowings that are used to finance their operations. The Company also monitors the changes in interest rates and actively re finances its debt obligations to achieve an optimal interest rate exposure.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on financial liabilities, i.e. floating interest rate of borrowings in INR. With all other variables held constant, the Company's profit before tax is affected through the impact on loans and borrowings, as follows:

| | 31 March 2018 | | 31 March 2017 | |
|-----|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Increase/decrease in basis points | Effect on profit before tax | Increase/decrease in basis points | Effect on profit before tax |
| INR | + / (-) 50.00 | + / (-) 2,449 | + / (-) 50.00 | + / (-) 0.00 |
| | 31 March 2018 | | 31 March 2017 | |
| | Increase/decrease in basis points | Effect on equity | Increase/decrease in basis points | Effect on equity |
| INR | + / (-) 50.00 | + / (-) 1,812 | + / (-) 50.00 | + / (-) 0.00 |

Credit Risk

Credit risk is the risk that the power procurer will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from their operating activities (primarily trade receivables) and from its financing activities but this credit risk exposure is insignificant given the fact that substantially whole of the revenues are from state utilities/government entities.

Further we have sought to reduce counterparty credit risk under our long-term contracts in part by entering into power sales contracts with utilities or other customers of strong credit quality and we monitor their credit quality on an on going basis.

Trade Receivables

Customer credit risk is managed basis established policies of Company, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

The credit quality of the customers other than state utilities/government entities is evaluated based on their credit ratings and other publicly available data.

Financial instruments and credit risk

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



26 Liquidity Risk

Liquidity risk is the risk that the Company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the Company to manage liquidity is to ensure, as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The company rely mainly on long-term debt obligations to fund their construction activities. To the extent available at acceptable terms, utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct and acquire wind power plants and related assets. Our non-recourse financing is designed to limit cross default risk to the Parent Company or other subsidiaries and affiliates. Our non-recourse long-term debt is a combination of fixed and variable interest rate instruments. In addition, the debt is typically denominated in the currency that matches the currency of the revenue expected to be generated from the benefiting project, thereby reducing currency risk. The Majority of non-recourse debt is funded by banks and financial institutions, with debt capacity supplemented by unsecured loan from related party.

The table below summarizes the maturity profile of financial liabilities of Company based on contractual undiscounted payments:

| Year ended 31 March 2018 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|-----------|--------------------|----------------|--------------|-----------|-----------|
| Borrowings | | | | | | |
| Loans from Financial Institutions (including future interest payment) | - | - | - | 592,953 | 1,181,054 | 1,774,007 |
| Compulsory convertible debentures (including future interest payment) | - | - | - | - | 488,264 | 488,264 |
| Other financial liabilities | | | | | | |
| Current maturities of long term borrowings (including future interest payments) | - | 26,868 | 117,318 | - | - | 144,186 |
| Capital Creditors | - | 81,014 | - | - | - | 81,014 |
| Trades and other payables | | | | | | |
| Trades payables | - | 7,221 | - | - | - | 7,221 |

Company expect liabilities with current maturities to be repaid from net cash provided by operating activities of the entity to which the debt relates or through opportunistic refinancing activity or some combination thereof.

| Year ended 31 March 2017 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|-----------|--------------------|----------------|--------------|-----------|---------|
| Borrowings | | | | | | |
| Compulsory convertible debentures (including future interest payment) | - | - | - | - | 203,493 | 203,493 |
| Trades and other payables | | | | | | |
| Trades payables | - | 77 | - | - | - | 77 |



27 Capital management

For the purpose of the capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's management is to maximise the shareholder value.

The Company manage their 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 Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

The policy of the Company is to keep the gearing ratio to 3:1 during the construction phase.

In order to achieve this overall objective, the capital management of the Company, amongst other things, aims to ensure that they meet financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2018.

28 Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent liabilities

There are no contingent liabilities as on 31 March 2018 (31 March 2017: Nil)

(ii) Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for

There are no capital commitment (net of advances) pertaining to commissioning of solar energy projects as at 31 March 2018 (31 March 2017: Nil).

29 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

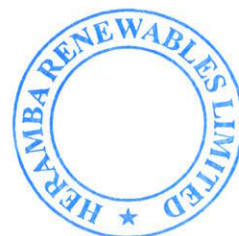
Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosure are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro, Small and Medium Enterprises development Act, 2006.

30 Segment Information

The directors of the Company take decision in respect of allocation of resources and assesses the performance basis the reports/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

The Company is in the business of development and operation of solar power plant (refer note 1). Considering the nature of company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

The Company generates entire revenue from single customer.



31 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. 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.

In the process of applying the accounting policies management has made certain judgements, estimates and assumptions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 23 and 24 for further disclosures.

Depreciation on property, plant and equipment

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

32 The below table summarises the changes made to the respective line items of financial statements for the year 31 March 2017

| Particulars | Notes | 31 March 2017 | Restatements | 31 March 2017 Restated |
|--|-------|-----------------|--------------|---------------------------|
| <u>Adjustments to Balance sheet</u> | | | | |
| Assets | | | | |
| Capital work in progress | A | 14,603 | 350 | 14,953 |
| Total | | 14,603 | 350 | 14,953 |
| Equity and liabilities | | | | |
| Equity Component of Convertible debentures | A, B | 41,789 | (26,459) | 15,330 |
| Long-term borrowings | A | 80,383 | 19,876 | 1,00,259 |
| Deferred tax liabilities | B | - | 6,856 | 6,856 |
| Total | | 1,22,172 | 274 | 1,22,445 |

Adjustments to Statement of Profit and Loss

Nil

Adjustments to Basic and Diluted EPS

Nil

Notes:

A. In FY 16-17, while accounting for Compulsorily Convertible Debentures as per Ind AS 109 read with Ind AS 32 the equity was computed over a period of 10 years whereas, it should have been over the interest moratorium period i.e. 2 years. In current year, as disclosed above, the computation of split between equity and liability portion has been rectified.

B. Further deferred tax on equity component (as explained in adjustment A) was not accounted for. The same has been rectified in current year.



31 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. 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.

In the process of applying the accounting policies management has made certain judgements, estimates and assumptions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 23 and 24 for further disclosures.

Depreciation on property, plant and equipment

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

32 The below table summarises the changes made to the respective line items of financial statements for the year 31 March 2017

| Particulars | Notes | 31 March 2017 | Restatements | 31 March 2017 Restated |
|--|-------|-----------------|--------------|---------------------------|
| Adjustments to Balance sheet | | | | |
| Assets | | | | |
| Capital work in progress | A | 14,603 | 350 | 14,953 |
| Total | | 14,603 | 350 | 14,953 |
| Equity and liabilities | | | | |
| Equity Component of Convertible debentures | A, B | 41,789 | (26,459) | 15,330 |
| Long-term borrowings | A | 80,383 | 19,876 | 1,00,259 |
| Deferred tax liabilities | B | - | 6,856 | 6,856 |
| Total | | 1,22,172 | 274 | 1,22,445 |

Adjustments to Statement of Profit and Loss

Nil

Adjustments to Basic and Diluted EPS

Nil

Notes:

A. In FY 16-17, while accounting for Compulsorily Convertible Debentures as per Ind AS 109 read with Ind AS 32 the equity was computed over a period of 10 years whereas, it should have been over the interest moratorium period i.e. 2 years. In current year, as disclosed above, the computation of split between equity and liability portion has been rectified.

B. Further deferred tax on equity component (as explained in adjustment A) was not accounted for. The same has been rectified in current year.



31 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. 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.

In the process of applying the accounting policies management has made certain judgements, estimates and assumptions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 23 and 24 for further disclosures.

Depreciation on property, plant and equipment

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

32 The below table summarises the changes made to the respective line items of financial statements for the year 31 March 2017

| Particulars | Notes | 31 March 2017 | Restatements | 31 March 2017 Restated |
|--|-------|-----------------|--------------|---------------------------|
| <u>Adjustments to Balance sheet</u> | | | | |
| Assets | | | | |
| Capital work in progress | A | 14,603 | 350 | 14,953 |
| Total | | 14,603 | 350 | 14,953 |
| Equity and liabilities | | | | |
| Equity Component of Convertible debentures | A, B | 41,789 | (26,459) | 15,330 |
| Long-term borrowings | A | 80,383 | 19,876 | 1,00,259 |
| Deferred tax liabilities | B | - | 6,856 | 6,856 |
| Total | | 1,22,172 | 274 | 1,22,445 |

Adjustments to Statement of Profit and Loss

Nil

Adjustments to Basic and Diluted EPS

Nil

Notes:

A. In FY 16-17, while accounting for Compulsorily Convertible Debentures as per Ind AS 109 read with Ind AS 32 the equity was computed over a period of 10 years whereas, it should have been over the interest moratorium period i.e. 2 years. In current year, as disclosed above, the computation of split between equity and liability portion has been rectified.

B. Further deferred tax on equity component (as explained in adjustment A) was not accounted for. The same has been rectified in current year.



Heramba Renewables Limited (Formerly known as Heramba Wind Energy Limited)

Notes to Financial Statements as at 31 March 2018

(Amounts in INR thousands, unless otherwise stated)

- 33 Pursuant to Section 135(5) of the Companies act 2013, and the rules made thereunder, the company need to ensure atleast 2% of the average net profit of the preceding three financial years is spend on CSR activities. Since the company do not have track record of atleast three years and did not have average profit in the preceding three financial years, no amount is required to be spent on such activities for the year ended 31st March, 2018.
- 34 There are no employees on the rolls of the company and therefore no employee benefit expense accrued in the financial statements.
- 35 Absolute amounts less than INR 500 are appearing in the financial statements as "0" due to presentation in thousands.

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants



per Amit Chugh

Partner

Membership No.: 505224

Place: Gurugram

Date: 25 May 2018



For and on behalf of the Heramba Renewables Limited

(formerly known as Heramba Wind Energy Limited)



Shailendra Pratap Singh

Director

DIN : 02869796

Place: Gurugram

Date: 25 May 2018



Akansha Kalia

ACS No. 35683

Place: Gurugram

Date: 25 May 2018



Pawan Kumar Gupta

Director

DIN : 07700845

Place: Gurugram

Date: 25 May 2018

