**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Balance Sheet as at 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| | Notes | As at 30 September 2019 | As at 31 March 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | 276,686 | 266,239 |
| Capital work in progress | 6 | 27,858 | 16,273 |
| Goodwill | 7 | 11,381 | 11,381 |
| Intangible assets | 7 | 25,103 | 25,677 |
| Intangible assets under development | 7 | 15 | 6 |
| Right of use assets | 7A | 3,747 | - |
| Investment in jointly controlled entities | 8 | 571 | 489 |
| Financial assets | | | |
| Investment | 9 | 624 | 408 |
| Loans | 9 | 99 | 77 |
| Others | 9 | 158 | 92 |
| Deferred tax assets (net) | 10A | 1,277 | 1,652 |
| Prepayments | 10 | 992 | 3,514 |
| Other non-current assets | 11 | 16,730 | 18,797 |
| **Total non-current assets** | | **365,241** | **344,605** |
| **Current assets** | | | |
| Inventories | 12 | 1,150 | 719 |
| Financial assets | | | |
| Derivative instruments | 13 | 1,866 | 774 |
| Trade receivables | 14 | 32,031 | 19,276 |
| Cash and cash equivalent | 15 | 16,316 | 10,115 |
| Bank balances other than cash and cash equivalent | 15 | 26,912 | 15,385 |
| Loans | 9 | 20 | 20 |
| Others | 9 | 3,344 | 2,151 |
| Prepayments | 10 | 903 | 659 |
| Current tax assets | | 2,353 | 2,250 |
| Other current assets | 11 | 2,615 | 2,068 |
| **Total current assets** | | **87,510** | **53,417** |
| **Total assets** | | **452,752** | **398,022** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 16A | 3,799 | 3,799 |
| Other equity | | | |
| Securities premium | 17B | 67,165 | 67,165 |
| Capital reserve | 17C | (110) | 114 |
| Debenture redemption reserve | 17D | 3,433 | 4,177 |
| Hedge reserve | 17E | (139) | (512) |
| Share based payment reserve | 17F | 1,200 | 1,086 |
| Foreign currency translation reserve | 17G | (4) | (2) |
| Retained earnings | 17H | 704 | (3,120) |
| **Equity attributable to owners of the parent** | | **76,048** | **72,707** |
| Non-controlling interests | | 3,367 | 3,628 |
| **Total equity** | | **79,415** | **76,335** |

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Balance Sheet as at 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| | Notes | As at 30 September 2019 | As at 31 March 2019 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Long-term borrowings | 18 | 296,035 | 253,785 |
| Lease liability | 19 | 430 | - |
| Deferred government grant | 20 | 834 | 852 |
| Long-term provisions | 21 | 94 | 72 |
| Deferred tax liabilities (net) | 10B | 6,465 | 5,945 |
| Other non-current liabilities | 22 | 3,069 | 2,974 |
| **Total non-current liabilities** | | **306,927** | **263,628** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Short-term borrowings | 23 | 24,360 | 20,657 |
| Trade payables | 24 | | |
| Outstanding dues to micro enterprises and small enterprises | | 10 | 4 |
| Others | | 4,159 | 3,025 |
| Derivative instruments | 25 | 401 | 895 |
| Other current financial liabilities | 26 | 35,771 | 31,477 |
| Deferred government grant | 20 | 38 | 39 |
| Other current liabilities | 27 | 697 | 1,748 |
| Short-term provisions | 28 | 105 | 67 |
| Current tax liabilities | | 869 | 147 |
| **Total current liabilities** | | **66,410** | **58,059** |
| **Total liabilities** | | **373,337** | **321,687** |
| **Total equity and liabilities** | | **452,752** | **398,022** |

Summary of significant accounting policies 5.1

The accompanying notes are an integral part of the Unaudited Interim Consolidated Financial Statements

As per our report of even date
**For S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of ReNew Power Private Limited (formerly known as ReNew Power Limited)**

**per Amit Chugh**
Partner
Membership No.: 505224
Place: Gurugram
Date:

**Sumant Sinha**
(Chairman and Managing Director)
DIN- 00972012
Place: Gurugram
Date:

**Tantra Narayan Thakur**
(Independent Director)
DIN- 00024322
Place: Gurugram
Date:

**D Muthukumaran**
(Chief Financial Officer)
Place: Gurugram
Date:

**Ashish Jain**
(Company Secretary)
Membership No.: F6508
Place: Gurugram
Date:

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Statement of Profit and Loss for the six months period ended 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| | Notes | For the six months period ended 30 September 2019 | For the six months period ended 30 September 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 29 | 29,894 | 26,995 |
| Other income | 30 | 2,584 | 2,817 |
| **Total income (i)** | | **32,478** | **29,812** |
| **Expenses** | | | |
| Cost of raw material and components consumed | 31 | 455 | 13 |
| Employee benefits expense | 32 | 592 | 481 |
| Other expenses | 33 | 3,074 | 2,485 |
| **Total expenses (ii)** | | **4,121** | **2,979** |
| **Earning before interest, tax, depreciation and amortization (i)-(ii)** | | **28,357** | **26,833** |
| Depreciation and amortization expense | 34 | 7,058 | 6,074 |
| Finance costs | 35 | 16,183 | 13,012 |
| **Profit before share of profit of jointly controlled entities and tax** | | **5,116** | **7,747** |
| Share in loss of jointly controlled entities | | (6) | (21) |
| **Profit before tax** | | **5,110** | **7,726** |
| **Tax expense** | | | |
| Current tax | | 1,183 | 961 |
| Deferred tax | | 698 | 237 |
| **Profit for the period** | **(a)** | **3,229** | **6,528** |
| **Other comprehensive income / (loss)** | | | |
| **Items that will be reclassified to profit or loss in subsequent periods:** | | | |
| Net movement on cash flow hedges | | 551 | 1,183 |
| Income tax effect | | (163) | (308) |
| | | **388** | **875** |
| Exchange differences on translation of foreign operations | | (2) | 1 |
| Income tax effect | | - | - |
| | | **(2)** | **1** |
| **Net other comprehensive income that will be reclassified to profit or loss in subsequent periods** | **(b)** | **386** | **876** |
| **Items not to be reclassified to profit or loss in subsequent period:** | | | |
| Re-measurement (loss) / gain of defined benefit plan | | (8) | 10 |
| Income tax effect | | 2 | (3) |
| **Net other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods** | **(c)** | **(6)** | **7** |
| **Other comprehensive income for the period, net of taxes** | **(d)=(b)+(c)** | **380** | **883** |
| **Total comprehensive income for the period** | **(a)+(d)** | **3,609** | **7,411** |
| **Profit for the period** | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | | 3,088 | 6,376 |
| Non-controlling interests | | 141 | 152 |

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Statement of Profit and Loss for the six months period ended 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| | Notes | For the six months period ended 30 September 2019 | For the six months period ended 30 September 2018 |
|---|---|---|---|
| **Total comprehensive income for the period** | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | | 3,453 | 7,249 |
| Non-controlling interests | | 156 | 162 |
| | | | |
| **Earnings per share:** | | | |
| **(face value per share: INR 10)** | | | |
| **(1)** Basic attributable to equity shareholders of the parent | 36 | 7.11 | 16.79 |
| **(2)** Diluted attributable to equity shareholders of the parent | 36 | 8.68 | 16.54 |
| | | | |
| Summary of significant accounting policies | 5.1 | | |

The accompanying notes are an integral part of the Unaudited Interim Consolidated Financial Statements

As per our report of even date
**For S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of ReNew Power Private Limited (formerly known as ReNew Power Limited)**

**per Amit Chugh**
Partner
Membership No.: 505224
Place: Gurugram
Date:

**Sumant Sinha**
(Chairman and Managing Director)
DIN- 00972012
Place: Gurugram
Date:

**Tantra Narayan Thakur**
(Independent Director)
DIN- 00024322
Place: Gurugram
Date:

**D Muthukumaran**
(Chief Financial Officer)

Place: Gurugram
Date:

**Ashish Jain**
(Company Secretary)
Membership No.: F6508
Place: Gurugram
Date:

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**

**Unaudited Interim Consolidated Statement of Cash Flows for the six months period ended 30 September 2019**

(Amounts in INR millions, unless otherwise stated)

| Particulars | For the six months period ended 30 September 2019 | For the six months period ended 30 September 2018 |
|---|---|---|
| **Profit before tax** | 5,110 | 7,726 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 7,058 | 6,074 |
| Loss on disposal of property plant and equipment and capital work in progress | 0 | 40 |
| Share in loss of jointly controlled entities | 6 | 21 |
| Deferred revenue | (5) | (4) |
| Government grant- viability gap funding | (19) | (20) |
| Gain on ineffectiveness on derivative instruments designated as cash flow hedge (net) | (2) | (33) |
| Loss on settlement of derivative instruments designated as cash flow hedge (net) | 127 | 72 |
| Operation and maintenance reserve | 135 | 567 |
| Share based payments | 56 | 97 |
| Provision for doubtful debts | 11 | - |
| Unamortised ancillary borrowing cost written off | 579 | 210 |
| Interest income | (940) | (625) |
| Interest expense | 15,637 | 12,637 |
| Fair value gain on mutual fund | - | (262) |
| **Operating profit before working capital changes** | **27,752** | **26,500** |
| | | |
| **Movement in working capital** | | |
| (Increase)/decrease in trade receivables | (12,766) | (11,732) |
| (Increase)/decrease in inventories | (431) | (378) |
| (Increase)/decrease in other current financial assets | (985) | (329) |
| (Increase)/decrease in other non-current financial assets | (22) | (17) |
| (Increase)/decrease in other current assets | (548) | (669) |
| (Increase)/decrease in other non-current assets | 173 | (135) |
| (Increase)/decrease in prepayments | (1,068) | (580) |
| Increase/(decrease) in other current financial liabilities | 106 | 1 |
| Increase/(decrease) in other current liabilities | (1,091) | (917) |
| Increase/(decrease) in other non current liabilities | 5 | 13 |
| Increase/(decrease) in trade payables | 1,202 | (110) |
| Increase/(decrease) in provisions | 52 | 26 |
| **Cash generated from operations** | **12,380** | **11,673** |
| Direct taxes paid (net of refunds) | (565) | (628) |
| **Net cash generated in operating activities** | **11,815** | **11,045** |
| | | |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment including capital work in progress, intangibles including intangible assets under development, capital creditors and capital advances | (24,806) | (23,959) |
| Investments of deposits having residual maturity more than 3 months | (11,593) | (3,975) |
| Investment in mutual funds redeemed/(made) | (0) | 7,313 |
| Purchase consideration paid ( net of cash acquired) | (15) | (165) |
| Interest received | 731 | 530 |
| **Net cash used in investing activities** | **(35,684)** | **(20,256)** |
| | | |
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares (including premium) | - | 572 |
| Purchase of shares of non-controlling interest | (1,477) | - |
| Payment of lease liability | (62) | |
| Government grant received | - | 15 |
| Proceeds from compulsory convertible preference shares | 20,903 | - |
| Proceeds from long-term borrowings | 57,987 | 16,309 |
| Repayment of long-term borrowings | (35,116) | |
| Proceeds from short-term borrowings | 11,225 | (186) |
| Repayment of short-term borrowings | (7,794) | |
| Interest paid | (15,597) | (12,147) |
| **Net cash generated from financing activities** | **30,069** | **4,563** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **6,201** | **(4,648)** |
| **Cash and cash equivalents at the beginning of the period** | **10,115** | **13,914** |
| **Cash and cash equivalents at the end of the period** | **16,316** | **9,266** |
| | | |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 1 | 1 |
| Balances with banks: | | |
| - On current accounts | 14,716 | 8,018 |
| - On deposit accounts with original maturity of less than 3 months | 1,599 | 1,247 |
| **Total cash and cash equivalents (note 15)** | **16,316** | **9,266** |

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Statement of Cash Flows for the six months period ended 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| Particulars | Opening balance as at 1 April 2019 | Cash flows (net) | Other Changes* | Closing balance as at 30 September 2019 |
|---|---|---|---|---|
| Long-term borrowings (including current maturities and net of ancillary borrowings cost incurred) | 269,328 | 22,871 | 22,745 | 314,943 |
| Short-term borrowings | 20,657 | 3,431 | 272 | 24,360 |
| Derivative instruments | 895 | - | (493) | 401 |
| **Total liabilities from financing activities** | **290,880** | **26,303** | **22,523** | **339,703** |

| Particulars | Opening balance as at 1 April 2018 | Cash flows (net) | Other Changes* | Closing balance as at 31 March 2019 |
|---|---|---|---|---|
| Long-term borrowings (including current maturities and net of ancillary borrowings cost incurred) | 219,085 | 47,000 | 3,244 | 269,328 |
| Short-term borrowings | 19,365 | 283 | 1,009 | 20,657 |
| Derivative instruments | 931 | - | (37) | 895 |
| **Total liabilities from financing activities** | **239,381** | **47,283** | **4,216** | **290,880** |

* Including adjustment for ancillary borrowing cost, unrealised/realised foreign exchange gain/loss.

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

As per our report of even date
**For S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of ReNew Power Private Limited (formerly known as ReNew Power Limited)**

**per Amit Chugh**
Partner
Membership No.: 505224
Place: Gurugram
Date:

**Sumant Sinha**
(Chairman and Managing Director)
DIN- 00972012
Place: Gurugram
Date:

**Tantra Narayan Thakur**
(Independent Director)
DIN- 00024322
Place: Gurugram
Date:

**D Muthukumaran**
(Chief Financial Officer)

Place: Gurugram
Date:

**Ashish Jain**
(Company Secretary)
Membership No.: F6508
Place: Gurugram
Date:

**ReNew Power Private Limited (formerly known as ReNew Power Limited)**
**Unaudited Interim Consolidated Statement of Changes in Equity for the six months period ended 30 September 2019**
(Amounts in INR millions, unless otherwise stated)

| Particulars | Attributable to the equity holders of the Parent | | | | | | | | | | Non-Controlling Interests (NCI) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity share capital | Share application money pending allotment | Reserves and Surplus | | | Debenture redemption reserve | Items of OCI | | | Total | | |
| | | | Securities premium | Share based payment reserve | Retained earnings | | Capital reserve | Hedge reserve | Foreign currency translation reserve | | | |
| | (refer note 16A) | (refer note 17A) | (refer note 17B) | (refer note 17F) | (refer note 17H) | (refer note 17D) | (refer note 17C) | (refer note 17E) | (refer note 17G) | | | |
| **At 1 April 2018** | **3,772** | **-** | **66,376** | **1,027** | **(2,175)** | **2,422** | **114** | **(271)** | **-** | **71,265** | **3,414** | **74,679** |
| Profit for the year | - | - | - | - | 800 | - | - | - | - | 800 | 230 | 1,030 |
| Other comprehensive income (net of taxes) | - | - | - | - | 10 | - | - | (241) | (2) | (233) | (17) | (250) |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **810** | **-** | **-** | **(241)** | (2) | **567** | **213** | **780** |
| Share-based payments | - | - | - | 316 | - | - | - | - | - | 316 | - | 316 |
| Share application money received | - | 566 | - | - | - | - | - | - | - | 566 | - | 566 |
| Amount utilised on exercise of stock options | - | - | 257 | (257) | - | - | - | - | - | - | - | - |
| Equity shares issued during the year | 27 | (566) | 539 | - | - | - | - | - | - | (0) | 1 | 1 |
| Adjustments for acquisition of interest by NCI in subsidiarie | - | - | - | - | (0) | - | - | - | - | (0) | (0) | (0) |
| Amount utilized for issue of shares | - | - | (7) | - | - | - | - | - | - | (7) | - | (7) |
| Debenture redemption reserve | - | - | - | - | (1,755) | 1,755 | - | - | - | - | - | - |
| **At 31 March 2019** | **3,799** | **-** | **67,165** | **1,086** | **(3,120)** | **4,177** | **114** | **(512)** | **(2)** | **72,707** | **3,628** | **76,335** |
| Profit for the period | - | - | - | - | 3,088 | - | - | - | - | 3,088 | 141 | 3,229 |
| Other comprehensive income (net of taxes) | - | - | - | - | (8) | - | - | 373 | (2) | 363 | 15 | 378 |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **3,080** | **-** | **-** | **373** | **(2)** | **3,451** | **156** | **3,607** |
| Share-based expense | - | - | - | 114 | - | - | - | - | - | 114 | - | 114 |
| Equity component of compound financial instrument | - | - | - | - | - | - | - | - | - | 0 | - | 0 |
| Addition in capital reserve for further acquisition | - | - | - | - | - | - | (224) | - | - | (224) | - | (224) |
| Adjustments for acquisition of interest by NCI in subsidiarie | - | - | - | - | 0 | - | - | - | - | 0 | (417) | (417) |
| Debenture redemption reserve | - | - | - | - | 744 | (744) | - | - | - | - | - | - |
| **At 30 September 2019** | **3,799** | **-** | **67,165** | **1,200** | **704** | **3,433** | **(110)** | **(139)** | **(4)** | **76,048** | **3,367** | **79,415** |

The accompanying notes are an integral part of the Unaudited Interim Consolidated Financial Statements

As per our report of even date
**For S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

**For and on behalf of the Board of Directors of ReNew Power Private Limited**
**(formerly known as ReNew Power Limited)**

**per Amit Chugh**
Partner
Membership No.: 505224
Place: Gurugram
Date:

**Sumant Sinha**
(Chairman and Managing Director)
DIN- 00972012
Place: Gurugram
Date:

**Tantra Narayan Thakur**
(Independent Director)
DIN- 00024322
Place: Gurugram
Date:

**D Muthukumaran**
(Chief Financial Officer)

Place: Gurugram
Date:

**Ashish Jain**
(Company Secretary)
Membership No.: F6508
Place: Gurugram
Date:

**1 Corporate Information**

ReNew Power Limited ('the Company') is a private limited company domiciled in India. The Company was converted into a private limited company with effect from 8 Novemeber 2019 and consequently the name of the Company has changed from ReNew Power Limited to ReNew Power Private Limited.

The registered office of the Company is located at 138, Ansal Chamber - II Bikaji Cama Place, New Delhi-110066. The Parent, its subsidiaries and entities under joint control (hereinafter collectively referred to as 'the Group') are carrying out business activities relating to generation of power through non-conventional and renewable energy sources.

The Unaudited Interim Consolidated Financial Statements of the Group have been authorised for issue by the Group's Board of Directors on xxxx 2019.

**2 Purpose of Unaudited Interim Consolidated Financial Statements**

The Unaudited Interim Consolidated Financial Statements of the Group have been prepared for purpose of the proposed issue of USD denominated notes by Companies to be listed on the Singapore Stock Exchange.

These Unaudited Interim Consolidated Financial Statements presented herein reflect the Group's results of operations, assets and liabilities and cash flows for the period presented. The basis of preparation and significant accounting policies used in preparation of these Unaudited Interim Consolidated Financial Statements are set out in Note 3 below.

**3 Basis of preparation**

The Unaudited Interim Consolidated Financial Statements for the six months period ended 30 September 2019 being complete set of financial statements have been prepared in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The Unaudited Interim Consolidated Financial Statements have been prepared on accrual basis and under the historical cost convention issued hereunder and other accounting principles generally accepted in lndia.

Management has prepared the Unaudited Interim Consolidated Financial Statements which comprise the Interim Consolidated Balance Sheet as at 30 September 2019, the Interim Consolidated Statement of Profit and Loss including other comprehensive income, Interim Consolidated Statement of Cash Flows and Interim Consolidated Statement of Changes in Equity for the six months period ended 30 September 2019, a summary of the significant accounting policies and other explanatory information.

Management has prepared these Unaudited Interim Consolidated Financial Statements to depict the historical financial information of the Group except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The accounting policies and estimates adopted in the preparation of Unaudited Interim Consolidated Financial Statements are consistent with those used in the annual financial statements for the year ended 31 March 2019 except for changes in accounting policies and disclosures as detailed in note 5.2

**4 Principles of consolidation**

The Unaudited Interim Consolidated Financial Statements comprise the consolidated financial statements of the Group as at 30 September 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

-The contractual arrangement with the other vote holders of the investee
-Rights arising from other contractual arrangements
-The Group's voting rights and potential voting rights
-The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., six months period ended on 30 September 2019. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

## 5.1 Summary of Significant Accounting Policies

### a) Business Combinations and goodwill

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

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

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

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

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

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

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

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

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

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

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

**b) Investments accounted for using the equity method.**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the unaudited interim consolidated statement of profit and loss.
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate and a joint venture' in the statement of profit or loss.
Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**c) Current versus non-current classification**

The Group 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 Group has identified twelve months as their operating cycle for classification of their current assets and liabilities.

**d) Fair value measurement**

The Group 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 Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. (Refer Note 43 and 44)

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

For assets and liabilities that are recognised in the unaudited interim consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting 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 57)
· Quantitative disclosures of fair value measurement hierarchy (Refer Note 44)
· Financial instruments (including those carried at amortised cost) (Refer Note 43 and 44)

**e) Revenue recognition**

**(i) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

***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 Power Purchase Agreements ("PPA") entered into with the customers.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of power, the Group considers the effects of variable consideration and consideration payable to the customer (if any).

***Income from services (management consultancy)***

Revenue from projects management/technical consultancy are recognised as per the terms of agreement on the basis of services rendered.

***Sale of equipment***

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer.

***Revenue from Engineering Procurement and Construction ("EPC") Contracts***

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

Contract revenue earned in excess of billing has been reflected under other current assets and billing in excess of contract revenue has been reflected under current liabilities in the balance sheet.

**(a) Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**Rebates**

In some PPAs, the Group provide rebates in invoice if payment is made before the due date. Rebates are offset against amounts payable by the customers. To estimate the variable consideration for the expected future rebate, the Group applies the most likely method.

**(b) Consideration payable to customers**

In some PPAs, Group has to pay consideration to customers. Consideration payable to customers are offset against the revenue recognised as and when sale of power occurs.

**(ii) Income from compensation for loss of revenue**

Income from compensation for loss of revenue is recognised after certainty of receipt of the same is established.

**(iii) Dividend**

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

**(iv) Sale of Reduction Emission Certificates (RECs)**

Income from sale of RECs is recognised on sale of these certificates.

**Contract balances:**

**(i) Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**(ii) Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**(iii) Trade receivables**

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

**f) Foreign currencies**

The Financial Statements are presented in Indian rupees (INR), which is also the functional currency and the currency of the primary economic environment in which the Group operate.

**Foreign currency translation**

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when recognised in other comprehensive income as qualifying cash flow or net investment hedges. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items held at fair value through profit and loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on available-for-sale non-monetary financial assets, such as equity shares, are included in the fair value reserve in equity unless the asset is a hedged item in a fair valur constr

**Group companies**

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated into INR at foreign exchange rates ruling at the balance sheet date.

The income and expenses of foreign operations are translated into INR at average exchange rates unless these do not approximate to the foreign exchange rates ruling at the dates of the transactions in which case income and expenses are translated at the dates of the transactions.

Foreign exchange differences arising on the translation of a foreign operation are recognised in other comprehensive income and accumulated in a separate component of equity together with exchange differences arising from the translation of borrowings and other currency instruments designated as hedges of such investments. On disposal or liquidation of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation are reclassified from equity and included in determining the profit or loss arising on disposal or liquidation.

**g) 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 liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. 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 Group is entitled to a tax holiday under the Income-tax Act, 1961, enacted in India, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period. Deferred taxes in respect of temporary differences which reverse after the tax holiday period are recognized in the period in which the temporary differences originate. However, the Group restrict the recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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***

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 Group 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 Group.

**h) Government grants**

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

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

The Group presents grants related to an expense item as other income in the Statement of Profit and Loss. Thus, Generation based incentive and Sale of emission reduction certificates have been recognised as other income.

**Generation based Incentive:**

Generation based incentive is recognized on the basis of supply of units generated by the Group to the state electricity board from the eligible project in accordance with the scheme of the "Generation Based Incentive (GBI) for Grid interactive Wind Power Projects".

**Subsidy (Viability Gap Funding)**

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

**i) Property, plant and equipment**

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

***Subsequent Costs***

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

***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.

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

**j) 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.

Customer related intangibles are capitalized if they meet the definitions of an intangible asset and the recognition criteria are satisfied. Customer-related intangibles acquired as part of a business combination are valued at fair value and those acquired separately are measured at cost. Such intangibles are amortized over the remaining useful life of the customer relationships or the period of the contractual arrangements.

**k) Depreciation/amortization of PPE and intangibles**

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

| Category | Life |
|---|---|
| Plant and equipment (solar rooftop projects)* | 25 years or terms of power purchase agreement, whichever is less (15-25 years) |
| Plant and equipment (wind & solar power projects)* | 18-25 |
| Plant and equipment (others) | 5-18 |
| Office equipment | 5 |
| Furniture and fixture | 10 |
| Computers | 3 |
| Computer servers | 6 |
| Computer softwares | 3-6 |
| Customer contracts | Life of respective power purchase agreements |
| Leasehold improvements | Over the period of lease (5 years) |

* 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 period end and adjusted prospectively, if appropriate.

**l) Inventories**

Inventories are valued at the lower of cost and net realisable value.
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**m) 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.

To the extent, group borrows funds for general purpose and uses them for the purpose of obtaining a qualifying asset, the group determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate used is weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

**n) Leases**

**As per Ind AS 17 applicable till period ended 31 March 2019**

**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.

**As a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**As per Ind AS 116 applicable from 1 April 2019**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term :

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (o) Impairment of non-financial assets.

**ii) Lease liabilities**

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

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

**As a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a 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 Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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 Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation.

**p) Share based payments**

Company provides additional benefits to certain members of senior management and employees of the Company and a subsidiary in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

***Equity-settled transactions***

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized, together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expenses. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the numbers of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefit expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other condition attached to an award, but without associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met. Where awards include a market or non-market condition, the transaction are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service condition are satisfied.

Share based payment cost, to the extent pertaining to the employees of subsidiary, is reduced from employee benefit expenses of the Company and is considered as deemed investment in the form of capital contribution in the subsidiary.

**q) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognize contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The Group operates a defined benefit plan in India, viz., gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each period-end carried out using the projected unit cost method.

Remeasurements comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amount recognized in the net interest on the defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats the accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term compensated absences are determined on the basis of actuarial valuation at each period-end carried out using the projected unit cost method. Remeasurements comprising of actuarial gain and losses are recognized in the balance sheet with a corresponding debit or credit to profit or loss in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The Group presents the leave as current liability in the balance sheet, to the extent is does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Past service costs are recognised in statement of profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Unaudited Interim Consolidated Statement of Profit and Loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

**r) Provisions**

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

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

**s) 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 Group 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 other income in the profit or loss. The losses arising from impairment are recognised in the statement of 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 Group 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 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 Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

**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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group may transfer the cumulative gain or loss within equity.

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

***Derecognition***

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

- The rights to receive cash flows from the asset have expired, or

- The respective Group 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 Group 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 companies under the Group 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 Group continues to recognise the transferred asset to the extent of the continuing involvement of Group. In that case, the Group 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 Group 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 Group could be required to repay.

***Impairment of financial assets***
In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on all the financial assets and credit risk exposure.
The Group follows 'simplified approach for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

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

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent 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 Group 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 Group recognise debt modifications agreed with lenders to restructure their existing debt obligations. Such modifications are done to take advantage of falling interest rates by cancelling the exposure to high interest fixed rate debt, pay a fee or penalty on cancellation and replace it with debt at a lower interest rate (exchange of old debt with new debt). The qualitative factors considered to be relevant for modified financial liabilities include, but are not limited to, the currency that the debt instrument is denominated in, the interest rate (that is fixed versus floating rate), conversion features attached to the instrument and changes in covenants. The accounting treatment is determined depending on whether modifications or exchange of debt instruments represent a settlement of the original debt or merely a renegotiation of that debt. The exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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- Compulsorily Convertible Debentures (CCDs)***
Compulsorily 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 Group 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 compulsorily 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.

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

***Offsetting of financial instruments***
Financial assets and financial liabilities are offset and the net amount is reported in the Combined 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.

**t) Derivative financial instruments and hedge accounting**

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group’s risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Cash flow hedges**
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

The Group uses interest rate swaps and call options as hedges of its exposure to interest rate risks and foreign currency risks in the foreign currency loan. The ineffective portion relating to foreign currency loan is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged item affects the Statement of Profit and Loss or treated as basis adjustment if a hedged item subsequently results in recognition of a non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**u) 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 Group's cash management.

**v) Measurement of EBITDA**
The Group 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 Group 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.

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

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

The Group makes disclosures in the unaudited interim consolidated financial statements in cases of significant events.

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

**y) Earnings per equity share**
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group 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 Group 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 unaudited interim consolidated 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.

**5.2 Changes in accounting policy and disclosures- New and amended standards**

The Group applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.
Several other amendments and interpretations apply for the first time in September 2019, but do not have an impact on the unaudited interim consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

**a) Ind AS 116 Leases:**

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application of 1 April 2019. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The cumulative effect of initially applying Ind AS 116 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 17.

**The effect of adopting Ind AS 116 as at 1 April 2019 was, as follows:**

| **Particulars** | **Notes** | **(INR in Mn) Ind AS 116 impact as at 1 April 2019** |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Right of use assets | | 3,688 |
| Prepayments | 16 | (2,955) |
| **Other non-current assets** | 11 | |
| Deferred rent | | (18) |
| **Current assets** | | |
| Prepayments | 10 | (139) |
| **Other current assets** | | |
| Deferred rent | 11 | (7) |
| **Equity** | ` | |
| **Other equity** | | |
| Retained earnings | 22 | - |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Lease liability | 19 | (463) |
| **Current liabilities** | | |
| Financial liabilities | | |
| Trade payables | 24 | 34 |
| Lease liability | 26 | (139) |

**b) Other regulatory changes**

Pursuant to the Taxation law (Amendment) Ordinance 2019 ('Ordinance') issued by Ministry of Law and Justice on 20 September 2019 with an effective 01 April 2019, domestic companies have the option to pay corporate income tax at 22% plus applicable surcharge and cess subject to certain conditions. Basis the assessment carried out by the Group, the entities forming part of the Group have decided not to opt for the lower tax rate under the Ordinance owing to carried forward tax losses, unutilized MAT credit and various other tax benefits available to such entities. Accordingly, the Group has decided to continue with existing tax structure, and hence there is no impact of Ordinance on these Unaudited Interim Consolidated Financial Statements.