

Report on Special Purpose Combined Financial Statements of Restricted Group

To the Board of Directors of ReNew Power Limited (formerly known as 'ReNew Power Private Limited' and 'ReNew Power Ventures Private Limited') ("RPL")

We have audited the accompanying Special Purpose Combined Financial Statements of Restricted Group (consisting of subsidiaries of RPL as listed in note 1 of these financial statements, collectively known as the "Restricted Group"), which comprise the combined Balance Sheet as at 31 March 2018, the combined Statements of Profit and Loss including the Combined Statement of Other Comprehensive Income, the combined Statement of Cash Flows and the combined Statement of Changes in Equity for the year the ended and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Combined Financial Statements"). These Special Purpose Combined Financial Statements have been prepared in accordance with the basis of preparation as set out in note 3.1 to the Combined Financial Statements.

Management's Responsibility for the Special Purpose Combined Financial Statements

Management of RPL is responsible for the preparation of these Special Purpose Combined Financial Statements in accordance with the basis of preparation as set out in note 3.1 to the Special Purpose Combined Financial Statements. This includes the design, implementation and maintenance of internal control relevant to the preparation of the Special Purpose Combined Financial Statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Special Purpose Combined Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Combined Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special Purpose Combined Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the management's preparation of the Special Purpose Combined Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Combined Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Special Purpose Combined Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Combined Financial Statements give a true and fair view in accordance with the basis of preparation described in Note 3.1 to those Special Purpose Combined Financial Statements of the state of affairs of the Restricted Group as at 31 March 2018, its loss including other comprehensive



S.R. BATLIBOI & Co. LLP

Chartered Accountants

income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We also draw attention to Note 3.1 to the accompanying Special Purpose Combined Financial Statements, which describes that the Restricted Group has not formed a separate legal group of entities during the period ended 31 March 2018, and which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group's Special Purpose Combined Financial Statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented.

Our opinion is not qualified in respect of this matters.

Other Matter

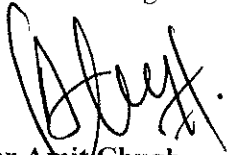
These Special Purpose Combined Financial Statements is required by the Company for submission to Neerg Energy Limited, Mauritius (the "Lender") as required by terms of Offering Memorandum dated 14 February 2017 and Indenture dated 17 February 2017. Accordingly, our report on these Special Purpose Combined Financial Statements has been issued solely in connection with such requirement. As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose.

Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Amit Chugh**

Partner

Membership Number: 505224

Place of Signature: Gurgaon

Date: 16 July 2018



Restricted Group
Special Purpose Combined Balance Sheet as at 31 March 2018
(Amounts in INR millions, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	29,303	30,364
Capital work in progress	4	86	723
Financial assets			
Loans	5	0	0
Others	5	0	1
Deferred tax assets (net)	6	-	141
Prepayments	7	32	31
Other non-current assets	8	165	365
Total non-current assets		29,586	31,625
Current assets			
Financial assets			
Investments	5	1,309	-
Loans	5	8,810	1,529
Trade receivables	9	1,175	1,624
Cash and cash equivalent	10	671	7,159
Bank balances other than cash and cash equivalent	10	158	291
Others	5	1,483	1,096
Prepayments	7	12	19
Other current assets	8	40	45
Total current assets		13,658	11,763
Total assets		43,244	43,388
Equity and liabilities			
Equity			
Equity share capital	11A	352	351
Other equity			
Equity component of compulsory convertible debentures	11B	79	79
Equity component of preference shares	11C	1,928	1,928
Share premium	12B	5,517	5,508
Retained earnings	12D	333	533
Total equity		8,209	8,399
Non-current liabilities			
Financial liabilities			
Long-term borrowings	13	32,351	31,689
Deferred tax liabilities (net)	6	286	195
Other non-current liabilities	14	353	248
Total non-current liabilities		32,990	32,132
Current liabilities			
Financial liabilities			
Trade payables	15	736	504
Other current financial liabilities	16	1,219	2,265
Other current liabilities	17	81	83
Short-term provisions	18	9	5
Total current liabilities		2,045	2,857
Total liabilities		35,035	34,989
Total equity and liabilities		43,244	43,388

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

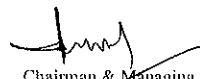
As per our report of even date

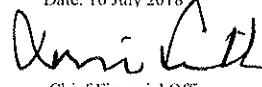
For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants


per Anubh Chugh
Partner
Membership No.: 505224
Place: Gurugram
Date: 16 July 2018



For and on behalf of the Restricted Group


Chairman & Managing Director
(Sumant Sinha)
DIN- 00972012
Place: Gurugram
Date: 16 July 2018


Chief Financial Officer
(Ravi Seth)
Place: Gurugram
Date: 16 July 2018


Independent Director
(Arun Duggal)
DIN- 00024262
Place: Gurugram
Date: 16 July 2018


Company Secretary
(Ashish Jain)
Membership No.: F6508
Place: Gurugram
Date: 16 July 2018

Restricted Group
Special Purpose Combined Statement of Profit and Loss for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

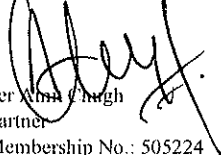
	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Income:			
Revenue from operations	19	5,628	4,297
Other income	20	1,133	423
Total income		6,761	4,720
Expenses:			
Other expenses	21	824	669
Total expenses		824	669
Earning before interest, tax, depreciation and amortization (EBITDA)		5,937	4,051
Depreciation expense	22	1,519	1,215
Finance costs	23	4,294	2,906
Profit/(loss) before tax		124	(70)
Tax expense			
Current tax		92	46
Deferred tax		232	(41)
Loss for the year	(a)	(200)	(75)
Other comprehensive income (OCI)			
Items that will be reclassified to profit or loss in subsequent periods			
Net movement on cash flow hedges		-	(83)
Income tax effect		-	23
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	(b)	-	(60)
Total comprehensive loss for the year	(a) - (b)	(200)	(15)

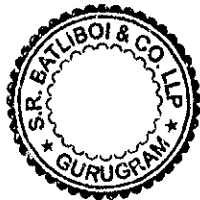
Summary of significant accounting policies

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The accompanying notes are an integral part of the financial statements
As per our report of even date

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

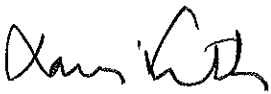
per 
Partner
Membership No.: 505224
Place: Gurugram
Date: 16 July 2018



For and on behalf of the Restricted Group


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(Sumant Sinha)
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Chief Financial Officer
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Date: 16 July 2018


Company Secretary
(Ashish Jain)
Membership No.: F6508
Place: Gurugram
Date: 16 July 2018

Restricted Group
Special Purpose Combined Statement of Changes in Equity for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

Particulars	Attributable to the equity holders of the Company							Total equity
	Equity share capital	Equity Component of Preference Share	Equity component of compulsorily convertible debentures	Share application money pending allotment	Reserves and Surplus		Items of OCI	
					Share premium	Retained earnings	Hedging Reserve	
	(refer note 11A)	(refer note 11C)	(refer note 11B)	(refer note 12A)	(refer note 12B)	(refer note 12D)	(refer note 12C)	
At 1 April 2016	351	1,262	79	-	5,163	608	(60)	7,403
Loss for the year	-	-	-	-	-	608	(60)	(75)
Other comprehensive income (net of taxes)	-	-	-	-	-	(75)	-	60
Total comprehensive income	-	-	-	-	-	(75)	60	(15)
Equity shares issued during the year	0	-	-	(2)	2	-	-	-
Preference shares issued during the year	-	666	-	(1,237)	343	-	-	(228)
Share application money received	-	-	-	1,239	-	-	-	1,239
At 31 March 2017	351	1,928	79	-	5,508	533	-	8,399
Loss for the year	-	-	-	-	-	(200)	-	(200)
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	(200)	-	(200)
Equity shares issued during the year	1	-	-	(10)	9	-	-	-
Share application money received	-	-	-	10	-	-	-	10
At 31 March 2018	352	1,928	79	-	5,517	333	-	8,209


The accompanying notes are an integral part of the financial statements
As per our report of even date


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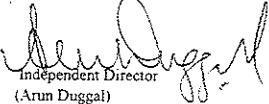
per Anil Chugh
Partner
Membership No.: 505624
Place: Gurugram
Date: 16 July 2018



For and on behalf of the Restricted Group


Chairman & Managing Director
(Sumant Sinha)
DIN- 00972012
Place: Gurugram
Date: 16 July 2018


Chief Financial Officer
(Ravi Seth)
Place: Gurugram
Date: 16 July 2018


Independent Director
(Arun Duggal)
DIN- 00024262
Place: Gurugram
Date: 16 July 2018


Company Secretary
(Ashish Jain)
Membership No.: F6508
Place: Gurugram
Date: 16 July 2018

Restricted Group
Special Purpose Combined Statement of Cash Flows for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit before tax	124	(70)
Adjustments for:		
Depreciation expense	1,519	1,215
Interest income	(653)	(181)
Interest expense	4,287	2,477
Unamortised ancillary borrowing cost written off	-	399
Profit on sale of mutual fund	(73)	-
Profit on sale of property, plant & equipments	(2)	-
Unrealised gain on mutual fund	(16)	-
Operating profit before working capital changes	5,186	3,840
Movement in working capital		
(Increase)/decrease in trade receivables	449	(686)
(Increase)/decrease in financial assets	1	(493)
(Increase)/decrease in prepayments	7	(2)
(Increase)/decrease in other assets	17	68
Increase/(decrease) in other liabilities	102	108
Increase/(decrease) in trade payables	231	120
Increase/(decrease) in financial liabilities	1	(0)
Increase/(decrease) in provisions	-	-
Cash generated from operations	5,994	2,955
Direct taxes paid (net of refunds)	(77)	(138)
Net cash generated from operating activities	5,917	2,817
Cash flow from investing activities		
Purchase of Property, plant and equipment including capital work in progress, capital advances and capital creditors	(195)	(8,759)
Net (Investments)/redemption of bank deposits having maturity more than 3 months	133	1,049
Loan given to related parties	(6,795)	(8,600)
Loan repaid by related parties	1,162	7,071
Loan to fellow subsidiaries - redeemable non cumulative preference shares	(1,648)	-
Interest received	265	160
Net investment in mutual funds	(1,219)	-
Net cash used in investing activities	(8,297)	(9,079)
Cash flow from financing activities		
Proceeds from issue of equity shares (including premium) (net of share issue expenses)	10	2
Proceeds from issue of preference shares (including premium)	-	1,125
Share application money refunded	-	(117)
Proceeds from long-term borrowings	-	39,177
Repayment of long-term borrowings	(373)	(24,139)
Proceeds from short-term borrowings	6	10,513
Repayment of short-term borrowings	(6)	(12,610)
Interest paid	(3,745)	(2,180)
Net cash (used in)/generated from financing activities	(4,108)	11,771
Net (decrease) / increase in cash and cash equivalents	(6,488)	5,509
Cash and cash equivalents at the beginning of the year	7,159	1,650
Cash and cash equivalents at the end of the year	671	7,159
Components of cash and cash equivalents		
Balances with banks:		
- On current accounts	344	1,570
- On deposit accounts with original maturity of less than 3 months	327	5,589
Total cash and cash equivalents (note 10)	671	7,159

Changes in liabilities arising from financial activities:

Particulars	Opening balance as at 1 April 2017	Cash flows (net)	Other changes*	Closing balance as at 31 March 2018
Long-term borrowings (including current maturities)	32,063	(373)	662	32,351
Total liabilities from financing activities	32,063	(373)	662	32,351

* Other changes includes discount on issue, premium on redemption and ancillary borrowing cost.

Notes:
1. 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

per *[Signature]*
Partner
Membership No.: 505224
Place: Gurugram
Date: 16 July 2018



For and on behalf of the Restricted Group

[Signature]
Chairman & Managing Director
(Suman Sinha)
DIN- 00972012
Place: Gurugram
Date: 16 July 2018

[Signature]
Independent Director
(Arun Duggal)
DIN- 00024262
Place: Gurugram
Date: 16 July 2018

[Signature]
Chief Financial Officer
(Ravi Seth)
Place: Gurugram
Date: 16 July 2018

[Signature]
Company Secretary
(Ashish Jain)
Membership No.: P6508
Place: Gurugram
Date: 16 July 2018

Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

1 General information

ReNew Power Limited (the 'Parent' or 'RPL') (Formerly known as 'ReNew Power Private Limited' and 'ReNew Power Ventures Private Limited') is a public limited company domiciled in India.

The Parent and its subsidiaries (hereinafter collectively referred to as the 'Group') are carrying out business activities relating to generation of electricity through non-conventional and renewable energy sources.

Certain subsidiary companies of the Parent which are collectively known as the 'Restricted Group' (as more clearly explained in the note below) issued Indian Rupee (INR) denominated Bonds to Neerg Energy Limited, Mauritius (the "Lender") to replace their existing debt. Neerg Energy Limited issued US Dollar denominated Bonds listed on Singapore Exchange Securities Trading Limited (SGX-ST).

The Restricted Group entities which are all under the common control of the Parent comprise of the following legal entities:

- ReNew Solar Energy (Karnataka) Private Limited
- ReNew Solar Energy (TN) Private Limited
- ReNew Wind Energy (Karnataka) Private Limited
- ReNew Wind Energy (MP Two) Private Limited
- ReNew Wind Energy (Rajkot) Private Limited
- ReNew Wind Energy (Shivpur) Private Limited
- ReNew Wind Energy (Walturi) Private Limited

The Combined Financial Statements were authorized for issue in accordance with a resolution of the directors on xxxx.

2 Purpose of Special Purpose Combined Financial Statements

The Ind AS Combined financial statements are special purpose financial statements which have been prepared for submission to the Lender as required by terms of Offering Memorandum dated February 14, 2017 and Indenture dated February 17, 2017. These Special Purpose Combined financial statements presented herein reflect the Restricted 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 Special Purpose Combined financial statements are set out in Note 3 below.

3 Significant Accounting Policies

3.1 Basis of preparation

The special purpose combined financial statements of the Restricted Group have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India and the Guidance Note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accounts of India.

Management of the RPL has prepared the special purpose Combined financial statements which comprise the Combined Balance Sheet as at 31 March 2017 and as at 31 March 2018, the Combined Statement of Profit and Loss, Combined Statement of Cash Flows and Combined Statement of Changes in Equity for the year ended 31 March 2017 and for the year ended 31 March 2018 and a summary of the significant accounting policies and other explanatory information.

Management has prepared these Special Purpose Combined financial statements to depict the historical financial information of the Restricted 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 Special Purpose Combined financial statements are not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group that would have occurred if it had operated as a separate stand-alone Group of entities during the period presented nor of the Restricted Group's future performance. The items in the Special Purpose Combined Financial Statements have been classified considering the principles under Ind AS 1, Presentation of Financial Statements.

3.2 Summary of Significant Accounting Policies

(a) Use of estimates

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

b) Current versus non-current classification

The Restricted 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



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

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

c) Fair value measurement

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

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

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

For the purpose of fair value disclosures, the Restricted 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 29 and 30).

At each reporting date, the management of the Restricted 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 Restricted Group.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Restricted 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 36)
- Quantitative disclosures of fair value measurement hierarchy (Refer Note 30)
- Financial instruments (including those carried at amortised cost) (Refer Note 29)

d) Revenue recognition

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

Sale of Power

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

Income from Liquidated damages and interest on advances

Income from liquidated damages and interest on advance is recognised after certainty of receipt of the same is established.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

Dividend

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

Interest income

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

Income from government grants

Refer note (g) for accounting policy.

e) **Foreign currencies**

The Restricted Group 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 companies operate.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

f) **Income taxes**

Current income tax

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

Deferred Tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In situations where Restricted 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 year in which the temporary differences originate. However, the Restricted 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 year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Minimum Alternate Tax

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 Restricted 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 Restricted Group.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

g) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognized as income on a systematic basis over the 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 Restricted 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 Restricted 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 Restricted 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"

h) Property, plant and equipment

Capital work-in-progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Restricted 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 Restricted 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.

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.

Derecognition

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

i) Depreciation/amortization of PPE

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

Category	Years
Plant and equipment (wind and solar power projects)*	18-25
Furniture & fixture	10
Office equipment	5
Computers	3
Computer servers	6

* Based on an external technical assessment, the management believes that the useful lives as given above and residual value of 0%-5%, best represents the period over which management expects to use its assets and its residual value. The useful life of plant and equipment is different from the useful life as prescribed under Part C of Schedule II of Companies Act, 2013.

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

j) Exceptional items

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

k) 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 asset.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

l) Impairment of non-financial assets

The Restricted Group assesses, 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 Restricted Group estimates 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 Restricted Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Restricted 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 Restricted 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 Restricted 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.

m) Provisions

Provisions are recognised when the Restricted 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 Restricted 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.

n) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Restricted 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

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:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 Restricted 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 Statement of P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

In addition, the Restricted 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 Restricted 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 and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Restricted Group may make an irrevocable election to present the subsequent changes in the fair value in OCI. The Restricted Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Restricted 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 Statement of Profit and Loss, even on sale of investment. However, the Restricted Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

Impairment of financial assets

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

The Restricted 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 Restricted 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 Restricted 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.

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



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

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 Restricted 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 Restricted 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.

Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market interest rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification.

Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Compulsory Convertible Debentures (CCDs)

The Restricted Group determines classification of compound financial instruments at initial recognition.

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

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



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

Derecognition

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

Offsetting of financial instruments

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

o) Cash and Cash-Equivalents

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

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

p) Measurement of EBITDA

The Restricted 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 Restricted 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.

q) Events occurring after the Balance Sheet date

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

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

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

r) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Restricted 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.

s) Standards issued but not yet effective

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

Ind AS 115 Revenue from Contracts with Customers

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

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

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

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

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

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

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



4 Property, plant and equipment

	Freehold Land #	Plant and equipment @	Office equipment	Furniture & Fixtures	Computers	Total Property, plant and equipment	Capital work in progress
Cost							
At 1 April 2016	391	20,152	1	-	-	20,544	2,301
Additions during the year	39	11,794	0	0	0	11,834	10,251
Adjustment*	-	(41)	-	-	-	(41)	(35)
Capitalised during the year	-	-	-	-	-	-	(11,794)
At 31 March 2017	430	31,905	1	0	0	32,337	723
Additions during the year	24	493	-	1	1	519	43
Adjustment**	-	(60)	-	-	-	(60)	(2)
Disposals^	-	(1)	-	-	-	(1)	(185)
Capitalised during the year	-	-	-	-	-	-	(493)
At 31 March 2018	454	32,337	1	1	1	32,795	86
Depreciation							
At 1 April 2016	-	759	0	-	-	759	-
Charge for the year (refer note 22)	-	1,215	0	0	0	1,215	-
Adjustment*	-	(1)	-	-	-	(1)	-
At 31 March 2017	-	1,973	0	0	0	1,973	-
Charge for the year (refer note 22)	-	1,519	0	0	0	1,519	-
At 31 March 2018	-	3,492	0	0	0	3,492	-
Net book value							
At 31 March 2017	430	29,932	1	0	0	30,364	723
At 31 March 2018	454	28,845	1	1	1	29,303	86

The titles of freehold land amounting to INR 67 (31 March 2017 INR 57) is not yet in the name of the Companies forming part of the Restricted Group. The Companies forming part of Restricted Group are in process of registration of title deeds of these freehold lands.

@ Capitalised Borrowing Costs

The amount of borrowing cost capitalised in the plant & equipment assets during the year ended 31 March 2018 is INR Nil (31 March 2017: INR 189). The rate used to determine the amount of borrowing cost eligible for capitalisation was the effective interest rate of the specific borrowing.

*CWIP has been written off to the extent of non-viability of recovery of cost in future (refer note 21 & 23).

* Adjustment in plant and equipment

(i) Adjustment to plant & equipment during the previous year pertains to actualisation of certain provisional capitalization of supply of goods and services and early closure of letter of credit impacting to INR 21. Corresponding impact on depreciation due to such adjustment amount to INR 1.

(ii) decapitalization of assets on account of revision of agreement with ReNew Solar Power Private Limited of INR 20.

^ Disposal of Capital Work In Progress during the year due to following

During the year, pursuant to downsizing of the contract with vendor for Mandsaur project, Company has sold back project specific wind power plant related equipment lying in CWIP upto 31 March 2017 for INR 181 to the vendor.

** Adjustment to plant & equipment pertains to following

INR 15 pertains to actualisation of provisional capitalization.

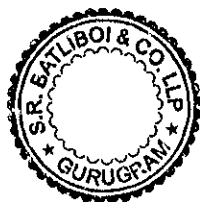
INR 45 pertains to discount received from vendor in Mandsaur project.

** Adjustment to Capital Work in Progress pertains to following

During the current year CWIP amounting to INR 2 has been written off to the extent of non-viability of recovery of cost in future.

Mortgage and hypothecation on Property, plant and equipment:

Property, plant and equipment with a carrying amount of INR 29,389 (31 March 2017: INR 31,087) are subject to a pari passu first charge to respective lenders for senior secured bonds as disclosed in Note 13.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
5 Financial assets		
Non-current (unsecured, considered good unless stated otherwise)		
Loans		
Security deposits	0	0
Total	<u>0</u>	<u>0</u>
Others		
Bank deposits with remaining maturity for more than twelve months (refer note 10)	0	1
Total	<u>0</u>	<u>1</u>
Current (unsecured, considered good unless stated otherwise)		
Investments at fair value through profit or loss		
Quoted Mutual Funds		
ICICI Prudential Liquid Plan - Direct Growth - 1,849,604 units (31 March 2017 : Nil units)	345	-
Aditya Birla Sunlife - Cash Plus - Direct Growth- 3,295,149 units (31 March 2017 : Nil units)	920	-
HDFC Liquid Fund - Direct Plan - 12,582 units (31 March 2017 : Nil units)	44	-
Total	<u>1,309</u>	<u>-</u>
Aggregate book value of quoted investments	1,309	-
Aggregate market value of quoted investments	1,309	-
Loans		
Loan to fellow subsidiary - redeemable non cumulative preference shares (refer note 25)	1,648	-
Loans to related parties (refer note 25)	7,162	1,529
Total	<u>8,810</u>	<u>1,529</u>
Others		
Government grants*		
- Generation based incentive receivable	99	136
Recoverable from related parties (refer note 25)	428	285
Unbilled revenue	512	616
Interest accrued on fixed deposits	1	12
Interest accrued on loans to related parties (refer note 25)	443	45
Insurance claim receivable	-	2
Total	<u>1,483</u>	<u>1,096</u>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

Investments at fair value through profit & loss reflects investment in quoted mutual funds. Refer note 29 for determination of fair value.

*Government grant is receivable for generation of renewable energy. There are no unfulfilled conditions or contingencies attached to these grants.

6 Deferred tax

Deferred tax assets (net)

Deferred tax relates to the following:

Deferred tax related to items recognised in equity :

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets (gross)		
Compound Financial Instruments	-	18
(a)	<u>-</u>	<u>18</u>

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

Deferred tax liabilities (gross)

Difference in written down value as per books of account and tax laws
Unamortised ancillary borrowing cost

	-	48
	-	7
(b)	<u>-</u>	<u>55</u>

Deferred tax assets (gross)

Operation and maintenance equalisation reserve
Losses available for offsetting against future taxable income
Unused tax credits (MAT)
Liability component of compound financial instruments
Others

	-	1
	-	127
	-	42
	-	7
	-	1
(c)	<u>-</u>	<u>178</u>

Deferred tax assets (net)

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

	-	141
(d)	<u>-</u>	<u>141</u>



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

Deferred tax liabilities (net)

Deferred tax related to items recognised in equity :

	As at 31 March 2018	As at 31 March 2017
--	------------------------	------------------------

Deferred tax assets (gross)

Compound Financial Instruments

	18	-
(a)	<u>18</u>	<u>-</u>

Deferred tax liabilities (gross)

Compound Financial Instruments

	169	169
(b)	<u>169</u>	<u>169</u>

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

	As at 31 March 2018	As at 31 March 2017
--	------------------------	------------------------

Deferred tax liabilities (gross)

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

Unrealised gain on mutual fund

Unamortised ancillary borrowing cost

	1,831	167
	4	-
	8	6
(c)	<u>1,843</u>	<u>173</u>

Deferred tax assets (gross)

Operation and maintenance

Unused tax credit (MAT)

Losses available for offsetting against future taxable income

Others

Preliminary expenses

Compound Financial Instruments

	18	6
	206	119
	1,429	-
	-	0
	0	-
	55	22
(d)	<u>1,708</u>	<u>147</u>

Deferred tax liabilities (net)

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

	286	195
(e)	<u>286</u>	<u>195</u>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

	31 March 2018	31 March 2017
--	---------------	---------------

Accounting profit before income tax

At India's applicable statutory income tax rate i.e. Minimum Alternate Tax (18.50%) / Income Tax (30%) plus applicable Surcharge rate (7% to 12 %) and Cess (3%)

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

Income not chargeable to tax:

Deduction u/s 801A of Income Tax Act

Others

Income chargeable to tax:

Disallowance u/s 94B of Income Tax Act

Non-deductible expenses for tax purposes:

Depreciation and amortization expense (net)

Operating and maintenance expenses equalized

Other non deductible expenses

Deductible expenses for tax purposes:

Decrease in book profit on account of one-fifth of the transition amount adjusted in other equity and OCI items permanently recorded in reserves

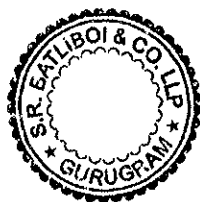
Brought forward losses / unabsorbed depreciation

At the effective income tax rate

Current tax expense reported in the statement of profit and loss

Deferred tax expense reported in the statement of profit and loss

	124	(70)
	51	46
	232	(41)
	(6)	-
	(2)	-
	196	-
	(83)	-
	15	-
	23	0
	(0)	(0)
	(102)	-
	<u>324</u>	<u>5</u>
	92	46
	232	(41)
	<u>324</u>	<u>5</u>



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

*** Where deferred tax expense relates to the following :**

Compound Financial Instruments	(24)	(8)
Losses available for offsetting against future taxable Income	(1,301)	30
Difference in WDV as per books of accounts and tax laws	1,615	91
Operation and maintenance	(12)	6
Unused tax credit (MAT)	(47)	(160)
Others	1	(0)
	<u>232</u>	<u>(41)</u>

Reconciliation of deferred tax assets (net):

	31 March 2018	31 March 2017
Opening balance of DTA/DTL (net)	(54)	47
Deferred tax income/(expense) during the period recognised in profit or loss	(232)	41
Deferred tax income/(expense) during the period recognised in OCI	-	(27)
Deferred tax on initial recognition of compound financial instruments (netted through equity)	-	(115)
Closing balance of DTA/DTL (net)	<u>(286)</u>	<u>(54)</u>

The companies forming part of Restricted Group has tax losses and unabsorbed depreciation which arose in India of INR 7,653 (31 March 2017: INR 1,721).

Out of this, the tax losses that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose are of INR 983 (31 March 2017: INR 118). Majority of these losses will expire in 2023-2024. The unabsorbed depreciation that will be available for offsetting for against future taxable profits of the companies in which the losses arose are of INR 6,670 (31 March 2017: INR 1,603).

The Companies forming part of Restricted Group has recognised deferred tax asset of INR 1429 (31 March 2017: INR 127) utilisation of which is dependent on future taxable profits. The future taxable profits are based on projections made by the management considering the power purchase agreement with power procurer.

The expiry period of MAT credit is 15 years from the date of entitlement and deferred tax has been recognised on MAT credit which are expected to be utilised before the expiry period.

7 Prepayments

	As at 31 March 2018	As at 31 March 2017
Non-current (unsecured, considered good unless otherwise stated)		
Prepaid expenses	32	31
Total	<u>32</u>	<u>31</u>
Current (unsecured, considered good unless otherwise stated)		
Prepaid expenses	12	19
	<u>12</u>	<u>19</u>

8 Other assets

	As at 31 March 2018	As at 31 March 2017
Non-current (unsecured, considered good unless otherwise stated)		
Others		
Capital advance	5	181
Advance income tax (net of income tax provisions)	153	164
Security deposits	0	6
Maharashtra VAT recoverable	7	14
Total	<u>165</u>	<u>365</u>
Current (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	40	44
Balances with Government authorities	0	0
Others	-	1
Total	<u>40</u>	<u>45</u>



Restricted Group**Notes to Special Purpose Combined financial statements for the year ended 31 March 2018**

(Amounts in INR millions, unless otherwise stated)

9 Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good unless stated otherwise	1,175	1,624
Doubtful	6	-
	1,181	1,624
Less: Provision for doubtful debts	(6)	-
Total	1,175	1,624

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

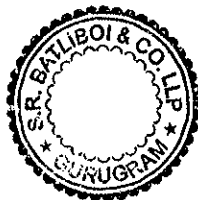
Trade receivables are non-interest bearing and are generally on terms of 7-60 days.

10 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balance with bank		
- On current accounts	344	1,570
- Deposits with original maturity of less than 3 months #	327	5,589
	671	7,159
Bank balances other than cash and cash equivalents		
Deposits with		
- Remaining maturity for less than twelve months #	158	291
- Remaining maturity for more than twelve months #	0	1
	158	292
Less: amount disclosed under financial assets (others) (Note 5)	(0)	(1)
Total	158	291

*Fixed deposits of INR 0 (31 March 2017: INR Nil) are under lien with various banks for the purpose of Debt Service Reserve Account (DSRA) and as margin money for the purpose of letter of credit/bank guarantee.

The bank deposits have an original maturity period of 7 to 1827 days and carry an interest rate of 3.50% to 8.50% which is receivable on maturity.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

11 Share capital

Authorised share capital	Number of shares	Amount
Equity shares of INR 10 each		
At 1 April 2016	145,135,000	1,451
Increase during the year	-	-
At 31 March 2017	145,135,000	1,451
Increase during the year	-	-
At 31 March 2018	145,135,000	1,451
0.001% redeemable non cumulative preference shares of INR 10 each		
At 1 April 2016	17,475,000	175
Increase during the year	3,350,000	34
At 31 March 2017	20,825,000	208
Increase during the year	-	-
At 31 March 2018	20,825,000	208
0.0001% compulsory convertible preference shares of INR 10 each		
At 1 April 2016	27,990,000	280
Increase during the year	2,300,000	23
At 31 March 2017	30,290,000	303
At 31 March 2018	30,290,000	303
0.0001% compulsory convertible preference shares of INR 100 each		
At 1 April 2016	3,000,000	300
At 31 March 2017	3,000,000	300
At 31 March 2018	3,000,000	300
Issued share capital	Number of shares	Amount
11A Equity shares of INR 10 each issued, subscribed and paid up		
At 1 April 2016	35,117,967	351
Shares issued during the year	15,000	0
At 31 March 2017	35,132,967	351
Shares issued during the year	101,400	1
At 31 March 2018	35,234,367	352

Terms/rights attached to equity shares

The Restricted Group have only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. If declared, the Restricted Group will declare and pay dividends in Indian rupees.

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

11B Equity component of compulsory convertible debentures (CCD)

11% Compulsorily convertible debentures (CCDs) of INR 120 each	Number of debentures	Total proceeds	Liability component (refer note 13)	Equity component
At 1 April 2016	1,489,180	179	128	79
Accretion during the year	-	-	16	-
At 31 March 2017	1,489,180	179	144	79
Accretion during the year	-	-	17	-
Interest payment to CCD holder	-	-	(18)	-
At 31 March 2018	1,489,180	179	143	79

Terms of conversion of CCDs

CCDs are compulsorily convertible into equity shares at the end of twenty years from the date of issue, viz., July 03, 2035 in accordance with the terms of the JVA at conversion ratio defined therein.

CCD carry an interest coupon rate of 11% per annum with moratorium of 18 months from the date of issue. CCDs do not carry any voting rights. Closing balance as on 31 March 2018 is INR 179 (31 March 2017: INR 179).

11C Equity component of preference shares:

0.001% redeemable non cumulative preference shares of INR 10 each (including share premium of INR 90 each)	Number of shares	Total proceeds	Liability component (refer note 13)*	Equity component**
At 1 April 2016	10,219,807	1,022	244	779
Shares issued during the year	8,550,500	855	111	628
Accretion during the year	-	-	39	-
At 31 March 2017	18,770,307	1,877	394	1,407
Accretion during the year	-	-	48	-
At 31 March 2018	18,770,307	1,877	442	1,407

(** Adjusted for deferred tax at inception)



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

0.0001% compulsorily convertible preference shares of INR 10 each

At 1 April 2016

Shares issued during the year

At 31 March 2017

At 31 March 2018

	Number of shares	Amount
At 1 April 2016	23,104,000	231
Shares issued during the year	3,810,000	38
At 31 March 2017	26,914,000	269
At 31 March 2018	26,914,000	269

0.0001% compulsorily convertible preference shares of INR 100 each

At 1 April 2016

At 31 March 2017

At 31 March 2018

	Number of shares	Amount
At 1 April 2016	2,519,043	252
At 31 March 2017	2,519,043	252
At 31 March 2018	2,519,043	252

At 31 March 2018

At 31 March 2017

At 31 March 2016

		1,928
		1,928
		1,262

Terms/rights attached to preference shares

0.001% redeemable non cumulative preference shares (RNCPS)

ReNew Wind Energy (Karnataka) Private Limited which is a part of the Restricted Group issued 7,000,000 0.001% redeemable non cumulative preference shares (RNCPS) in FY 2012-13, 419,187 redeemable non cumulative preference shares (RNCPS) in FY 2014-15, 2,800,620 redeemable non cumulative preference shares (RNCPS) in FY 2015-16 and 8,550,500 redeemable non cumulative preference shares (RNCPS) in FY 2016-17 of INR 10 each fully paid-up at a premium of INR 90 per share. RNCPS carry non cumulative dividend @ 0.001%. If declared, the Restricted Group entities will pay dividends in Indian rupees. The dividend proposed by the Board of Directors of the respective Company forming part of the Restricted Group is subject to the approval of the shareholders in the ensuing Annual General Meeting.

RNCPS do not carry voting rights and are fully transferable. The RNCPS shall be redeemed at INR 100 per share at the end of 15th year from the date of issue i.e. 4,000,000 preference shares in October 2027, 3,000,000 preference shares in March 2028, 419,187 preference shares in June 2029, 2,717,120 preference shares in August 2030, 15,000 preference shares in January 2031, 68,500 preference shares in March 2031 and 8,550,500 preference shares in March 2035 or such other extended term as may be determined by the Board of the respective Company in one or more tranches.

In the event of Liquidation of a Company forming part of the Restricted Group, the RNCPS shall be entitled to receive an amount that is equal to the face value of RNCPS. The RNCPS shall also have right to participate in surplus assets & funds of the respective Company available for distribution to holders of RNCPS and equity shares based on the numbers of equity shares held by each shareholder, which may remain after the entire capital (both equity share capital and preference share capital) has been repaid, to the extent of INR 90 per preference share.

0.0001% compulsorily convertible preference shares (face value Rs 10 each) (CCPS)

ReNew Solar Energy (TN) Private Limited and ReNew Wind Energy (MP Two) Private Limited issued 14,198,000 0.0001% compulsorily convertible preference shares (CCPS) in FY 2014-15, ReNew Wind Energy (MP Two) Private Limited and ReNew Wind Energy (Shivpur) Private Limited issued 8,906,000 0.0001% CCPS in FY 2015-16 and ReNew Wind Energy (Shivpur) Private Limited issued 3,810,000 0.0001% CCPS in FY 2016-17 of INR 10 each fully paid-up at a premium of INR 90 per share. CCPS carry non cumulative dividend @ 0.0001%. If declared, the Restricted Group entities will pay dividends in Indian rupees. The dividend proposed by the Board of Directors of the respective Company is subject to the approval of the shareholders in the ensuing Annual General Meeting.

CCPS do not carry voting rights and are freely transferable. CCPS would be compulsorily converted into Equity Shares of the respective Company forming part of the Restricted Group at the price of INR 100 (Rupees Hundred) per share in the ratio of 1 equity shares : 1 preference shares.

In the event of Liquidation of a Company forming part of the Restricted Group, the holders of CCPS shall be paid 1 times the face value of CCPS and such dividend in arrear, if any, declared and remained unpaid. The said preference shares shall have right to participate in surplus assets & profits on winding up, which may remain after the entire capital (both equity share capital and preference share capital) has been repaid, to the extent of Rs 90 per preference share.

0.0001% compulsorily convertible preference shares (face value Rs 100 each) (CCPS)

During the previous year, the Restricted Group entities issued 2,519,043 0.0001% compulsorily convertible preference shares (CCPS) of INR 100 each fully paid up. CCPS carry non-cumulative dividend @ 0.0001% per annum. If declared, the Restricted Group entities will pay dividends in Indian rupees.

CCPS do not carry voting rights. CCPS are compulsorily convertible into equity shares on Mandatory Conversion Date i.e. July 2, 2035 at the conversion ratio defined in Joint Venture Agreement ('JVA'). CCPS may also get converted into equity shares of the respective Company at any time at the option of the holder, at the date determined by the holder of the CCPS before the Mandatory Conversion Date.

11D Shares held by the holding company and/or their subsidiaries/associates

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Renew Power Limited, the parent company of entities forming part of the Restricted Group				
Equity shares of INR 10 each	26,716,826	267	26,646,826	266
0.001% redeemable non cumulative preference shares of INR 10 each	18,770,307	188	18,770,307	188
0.0001% compulsorily convertible preference shares of INR 10 each	17,514,000	175	17,514,000	175
ReNew Solar Power Private Limited, holding company of ReNew Solar Energy (Karnataka) Private Limited and ReNew Solar Energy (TN) Private Limited				
Equity shares of INR 10 each	4,269,990	43	4,269,990	43
0.0001% compulsorily convertible preference shares of INR 10 each	9,390,600	94	9,390,600	94
0.0001% compulsorily convertible preference shares of INR 100 each	2,519,043	25	2,519,043	25
Hareon Solar Singapore Private Limited				
Equity shares of INR 10 each	4,092,941	41	4,092,941	41



Restricted Group
Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

11E Shares held by the other subsidiaries of the parent company of the Company

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
ReNew Wind Energy (Karnataka Five) Private Limited, fellow subsidiary of the ReNew Wind Energy (Karnataka) Private Limited Equity shares of INR 10 each	100	0	6,600	0

11F Details of shareholders holding more than 5% shares in the Company

	31 March 2018		31 March 2017	
	Number	% Holding	Number	% Holding
Equity shares of INR 10 each Renew Power Limited, the parent company of entities forming part of the Restricted Group	26,716,826	75.83%	26,646,826	75.85%
Renew Power Limited, the parent company of entities forming part of the Restricted Group (including its nominees) and its subsidiaries				
0.001% redeemable non cumulative preference shares of INR 10 each	18,770,307	100.00%	18,770,307	100.00%
0.0001% compulsorily convertible preference shares of INR 10 each	17,514,000	65.07%	17,514,000	65.07%
ReNew Solar Power Private Limited, holding company of ReNew Solar Energy (Karnataka) Private Limited and ReNew Solar Energy (TN) Private Limited				
Equity shares of INR 10 each	4,269,990	12.12%	4,269,990	12.15%
0.0001% compulsorily convertible preference shares of INR 10 each	9,390,600	34.89%	9,390,600	34.89%
0.0001% compulsorily convertible preference shares of INR 100 each	2,519,043	100.00%	2,519,043	100.00%
Hareon Solar Singapore Private Limited Equity shares of INR 10 each	4,092,941	11.62%	4,092,941	11.65%

11G Aggregate number of Bonus shares issued during the period of five years immediately preceeding the reporting date

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Equity shares of INR 10 each*	6,500,000	65	6,500,000	65

* Equity shares allotted as fully paid bonus shares by capitalisation of securities premium

As per the records of the Company, including its register of shareholders/members the above shareholding represents both legal and beneficial ownerships of shares.

12 Other equity

12A Share application money pending allotment

At 1 April 2016	-
Share application money received	1,239
Equity shares issued during the year	(2)
Preference shares issued during the year	(1,237)
At 31 March 2017	-
Share application money received	10
Equity shares issued during the year	(10)
At 31 March 2018	-

12B Share premium

At 1 April 2016	5,163
Premium on issue of equity shares during the year	2
Premium on issue of CCPS during the year	343
At 31 March 2017	5,508
Premium on issue of equity shares during the year	9
At 31 March 2018	5,517

12C Hedging Reserve

At 1 April 2016	(60)
Hedging reserve reclassified to profit or loss	60
At 31 March 2017	-
At 31 March 2018	-

12D Retained earnings

At 1 April 2016	608
Loss for the year	(75)
At 31 March 2017	533
Loss for the year	(200)
At 31 March 2018	333



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

13 Long-term borrowings	Nominal interest rate %	Maturity	Non-current		Current	
			31 March 2018	31 March 2017	31 March 2018	31 March 2017
Compulsorily Convertible Debentures (unsecured) (refer note 11B)	12.46%	4 July 2035	143	144	-	-
Term loan from financial institutions (secured)	11.05%	6 April 2017	-	-	-	373
Senior Secured Bonds	10.63%	8 February 2022	31,766	31,151	-	-
Liability component of preference shares (secured) (refer note 11C)	11.53%	31 March 2035	442	394	-	-
Total long-term borrowings			32,351	31,689	-	373
Amount disclosed under the head 'Other current financial liabilities' (Refer note 16)			-	-	-	(373)
			32,351	31,689	-	-

Notes:

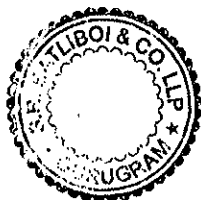
- (i) Senior Secured Bonds are secured by way of exclusive mortgage over immovable properties and exclusive charge by way of hypothecation of tangible and intangible movable assets. Further secured by way of hypothecation over rights and benefit, claims and demands under all the project agreements, letter of credit, insurance contracts and proceeds, guarantees, performance bond etc. of the Restricted Group. Secondary Charge over the account receivables, book debts and cash flows.
- (ii) These bonds have been issued based on the collective net worth of all seven entities forming part of the Restricted Group and further all these entities have jointly and severally guaranteed the issue. Also refer Note 25.
- (iii) All the loans are covered by corporate guarantee of ReNew Power Limited, the holding Company.
- (iv) ReNew Power Limited, the holding company, has pledged 26,706,821 (31 March 2017: 26,636,821) equity shares and 27,650,138 (31 March 2017: 27,650,138) preference shares of the Company in favour of security trustee on behalf of lenders.
- (v) ReNew Solar Power Private Limited, the holding company of ReNew Solar Energy (Karnataka) Private Limited and ReNew Solar Energy (TN) Private Limited, has pledged 4,267,599 (31 March 2017: 4,267,599) equity shares and 8,428,712 (31 March 2017: 8,428,712) preference shares of the Company in favour of security trustee on behalf of lenders.



Restricted Group**Notes to Special Purpose Combined financial statements for the year ended 31 March 2018**

(Amounts in INR millions, unless otherwise stated)

14 Other non-current liabilities	As at 31 March 2018	As at 31 March 2017
Operation and maintenance equalisation reserve	353	248
Total	353	248
15 Trade payables	As at 31 March 2018	As at 31 March 2017
Current		
Others	736	504
Total	736	504
16 Other current financial liabilities	As at 31 March 2018	As at 31 March 2017
Financial liabilities at amortised cost		
Current maturities of long term borrowings (Refer note 13)	-	373
Others		
Interest accrued but not due on borrowings	432	555
Capital creditors	786	1,337
Other payables	1	-
Total	1,219	2,265
17 Other current liabilities	As at 31 March 2018	As at 31 March 2017
Operation and maintenance equalisation reserve	35	28
Other payables		
TDS payable	32	54
WCT payable	0	-
GST payable	14	-
Advance from customers	-	1
Total	81	83
18 Short term provisions	As at 31 March 2018	As at 31 March 2017
Income tax provision (net of advance tax)	9	5
Total	9	5



Restricted Group
Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

19 Revenue from operations	For the year ended 31 March 2018	For the year ended 31 March 2017
Income from operation		
Sale of power	5,472	4,225
Income from sale of renewable energy certificates	156	72
Total	5,628	4,297
20 Other income	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income		
- on fixed deposit with banks	110	142
- on loan to related parties (refer note 25)	471	39
- income tax refund	-	0
- others	72	-
Government grant		
- generation based incentive	291	214
Compensation for loss of revenue (refer note 35)	83	-
Profit on sale of property, plant & equipments	2	-
Insurance claim	12	28
Profit on sale of mutual fund	73	-
Unrealised gain on mutual fund	16	-
Miscellaneous income	3	-
Total	1,133	423
21 Other expenses	For the year ended 31 March 2018	For the year ended 31 March 2017
Legal and professional fees	27	38
Corporate social responsibility	17	9
Travelling and conveyance	9	9
Rent	5	2
Director's commission	-	5
Printing and stationery	0	-
Management shared services	252	209
Rates and taxes	22	4
Payment to auditors *	4	4
Insurance	25	23
Operation and maintenance	430	336
Repair and maintenance**		
- plant and machinery	1	6
Capital work in progress written off	2	-
Security charges	7	6
Communication costs	3	1
Provision for doubtful debts	6	-
Miscellaneous expenses**	13	17
	824	669
*Payment to Auditors	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditor:		
Audit fee	4	3
In other capacity:		
Certification fees	0	-
Reimbursement of expenses	0	1
	4	4

** As explained in Note 4, INR 15 has been written off from capital work in progress in previous year.



Restricted Group**Notes to Special Purpose Combined financial statements for the year ended 31 March 2018**

(Amounts in INR millions, unless otherwise stated)

22 Depreciation expense

	<u>For the year ended 31 March 2018</u>	<u>For the year ended 31 March 2017</u>
Depreciation of property, plant & equipment (refer note 4)	1,519	1,215
Total	<u>1,519</u>	<u>1,215</u>

23 Finance costs

	<u>For the year ended 31 March 2018</u>	<u>For the year ended 31 March 2017</u>
Interest expense on **		
- term loans	1	1,343
- loan from related party (refer note 25)	-	74
- bonds	4,221	481
- acceptance	-	105
- buyer's/supplier's credit	-	417
- liability component of compulsorily convertible debentures	17	16
- liability component of redeemable non-cumulative preference shares	48	39
- others	-	1
Bank charges	7	31
Unamortised ancillary borrowing cost written off*	-	399
Total	<u>4,294</u>	<u>2,906</u>

* Represents carried forward unamortised cost pertaining to existing loan charged to statement of profit & loss on account of refinancing.

** As explained in Note 4, INR 19 has been written off from capital work in progress in previous year.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

24 Earnings per share (EPS)

The Combined Financial Statements do not represent legal entity structure and are aggregated for a specific purpose. Accordingly, Earnings Per Share (EPS) on aggregated number of shares has not been disclosed

25 Related Party Disclosures

a) Names of related parties and related party relationship

The names of related parties where control exists and/or with whom transactions have taken place during the year and description of relationship as identified by the management are:

I. Holding Company :

Name of entity	Holding Company
ReNew Wind Energy (Karnataka) Private Limited	ReNew Power Limited (formerly known as ReNew Power Ventures Private Limited and Renew Power Private Limited)
ReNew Wind Energy (MP Two) Private Limited	ReNew Power Limited (formerly known as ReNew Power Ventures Private Limited and Renew Power Private Limited)
ReNew Wind Energy (Rajkot) Private Limited	ReNew Power Limited (formerly known as ReNew Power Ventures Private Limited and Renew Power Private Limited)
ReNew Wind Energy (Shimpu) Private Limited	ReNew Power Limited (formerly known as ReNew Power Ventures Private Limited and Renew Power Private Limited)
ReNew Wind Energy (Wethur) Private Limited	ReNew Power Limited (formerly known as ReNew Power Ventures Private Limited and Renew Power Private Limited)
ReNew Solar Energy (Karnataka) Private Limited	ReNew Solar Power Private Limited*
ReNew Solar Energy (TN) Private Limited	ReNew Solar Power Private Limited*

*ReNew Solar Power Private Limited is a 100% subsidiary of ReNew Power Limited.

II. Ultimate Holding Company

GS Wyvern Holdings Limited (till 22nd March 2018)

III. Key management personnel :

Mr. Sumant Sinha, Chairman and Managing Director of ReNew Power Limited.
Mr. Ravi Seth, Chief Financial Officer
Mr. Parag Sharma, Chief Operating Officer and the Head of the Solar Business
Mr. Balram Mehta, President of the Wind Business
Mr. Ravi Parneshwar, Chief Human Resource Officer
Mr. Ashish Jain, Company Secretary and Compliance Officer

IV. Fellow subsidiaries with whom transactions occurred during the year:

Renew Clean Energy Private Limited
ReNew Solar Power Private Limited
Renew Solar Energy (Jharkhand Three) Private Limited
ReNew Wind Energy Jath Limited
ReNew Saur Urja Private Limited
ReNew Wind Energy (Devgarh) Private Limited
ReNew Solar Energy (Karnataka) Private Limited
ReNew Solar Energy (TN) Private Limited
ReNew Wind Energy (MP) Private Limited
ReNew Power Services Private Limited
Renew Solar Energy (Jharkhand One) Private Limited
Renew Solar Energy (Jharkhand Four) Private Limited
Renew Solar Energy (Jharkhand Five) Private Limited
ReNew Wind Energy (AP 3) Private Limited
ReNew Wind Energy (Rajasthan One) Private Limited
ReNew Wind Energy (Rajasthan) Private Limited
ReNew Wind Energy (Delhi) Private Limited
ReNew Wind Energy (Varekarwad) Private Limited
ReNew Wind Energy (Sipla) Private Limited
ReNew Wind Energy (Jaunb) Private Limited
Renew Wind Energy (Karnataka Two) Private Limited
Renew Akshay Urja Limited
ReNew Saur Shakti Private Limited

V. Enterprise with significant influence

Name of entity	Enterprise with significant influence
ReNew Solar Energy (Karnataka) Private Limited	Harcen Solar Singapore Private Limited

3) Details of transactions with holding Company:

Particulars	ReNew Power Limited		ReNew Solar Power Private Limited	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Issue of CCPS (including share premium)	-	381	-	-
Issue of RNCPS (including share premium)	-	855	-	-
Share application money received	-	939	-	-
Share application money refunded	-	201	-	-
Unsecured loan given to related party	240	1,256	-	-
Unsecured loan repaid by related party	73	6,000	-	-
Unsecured loan received	6	4,490	-	1
Unsecured loan repaid	6	5,303	-	1
Expense Paid on behalf of the Company	14	73	7	-
Expenses incurred on behalf of the holding company	-	9	0	-
Payment on behalf of holding Company	-	0	-	-
Reimbursement of expenses	33	33	-	1
Purchase of services#	124	366	-	5
Interest income on unsecured loan	108	10	-	-
Interest expense on unsecured loan	-	92	-	0
Purchase - IFC	-	-	-	17
Operation and maintenance expenses	-	-	16	14



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

c) Details of outstanding balances with holding Company:

Particulars	ReNew Power Limited		ReNew Solar Power Private Limited	
	For the year ended March 31, 2018	For the year ended March 31, 2017	31 March 2018	31 March 2017
Share application money pending allotment	-	-	-	-
Unsecured loan payable	-	-	-	-
Unsecured loan receivable	1,417	1,250	-	-
Trade payables	458	358	24	1
Capital creditors	442	400	26	26
Interest income accrued on unsecured loan	117	19	-	-
Interest expense accrued on unsecured loan	-	141	-	0
Recoverable from related parties	1	1	31	17

d) Details of transactions with fellow subsidiaries:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment made on behalf of fellow subsidiary	-	170
Expense incurred by fellow subsidiary on behalf of the company	3	6
Expense incurred on behalf of fellow subsidiary	164	6
Interest income on unsecured loan given	362	29
Unsecured loan given	6,555	7,344
Unsecured loan repayment received	1,089	7,065
Reimbursement of expenses	0	-
Purchase of services#	95	-
Investment in redeemable non cumulative preference shares	1,648	-

e) Details of outstanding balances with fellow subsidiaries:

Particulars	31 March 2018	31 March 2017
Trade payable	104	10
Capital creditors	27	27
Recoverable from related party	396	267
Interest Income accrued on unsecured loan given	327	26
Unsecured loan given	5,745	279
Capital advance	-	5
Loan to fellow subsidiary- redeemable non cumulative preference shares	1,648	-

f) Details of transactions with enterprise with significant influence:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Annual management fee and other costs	2	2

g) Compensation of Key management personnel

Remuneration to the key managerial personnel is paid by the holding Company and fellow subsidiary (ReNew Power Services Private Limited) of companies forming part of the Restricted Group and is allocated between the respective subsidiary companies as management shared services and is not separately identifiable.

h) All the loans are covered by corporate guarantee of ReNew Power Limited, the holding Company.

i) During the previous year, the companies forming part of the Restricted Group has raised funds through issuance of senior secure bonds (the "Issue"). These bonds have been issued based on the collective net worth of all the seven entities forming part of the Restricted Group and further all these entities have jointly and severally guaranteed the Issue. Certain companies forming part of the Restricted Group had common directors at the time of the Issue. The management, based on legal opinion, considers that this guarantee on behalf of other fellow subsidiaries is in the 'ordinary course of business' and is in compliance with the requirements of section 185 of the Companies Act, 2013.



Restricted Group**Notes to Special Purpose Combined financial statements for the year ended 31 March 2018**

(Amounts in INR millions, unless otherwise stated)

26 Segment Information

The respective companies under the Restricted Group discloses segment information in a manner consistent with internal reporting to group's Managing Director. The Restricted Group entities have segments based on type of business operations. The reportable segments of respective companies under the Restricted Group are Wind Power and Solar Power which predominantly relate to generation and sale of electricity and construction activities. The Restricted Group entities does not operate in more than one geographical segment. The Restricted Group discloses in the segment information operating profit, comparable operating profit and comparable EBITDA.

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Wind Power	Solar Power	Total	Wind Power	Solar Power	Total
Sale of power and sale of renewable energy certificates	4,277	1,351	5,628	2,955	1,342	4,297
Revenues from operations	4,277	1,351	5,628	2,955	1,342	4,297
Less: Inter-segment	-	-	-	-	-	-
Revenues from external customers	4,277	1,351	5,628	2,955	1,342	4,297
Interest income	477	138	615	111	70	181
Other Income (other than interest income)	489	29	518	242	-	242
Total income	5,243	1,518	6,761	3,308	1,412	4,720
Less: Other expenses	653	172	824	462	207	669
Earning before interest, tax, depreciation and amortization (EBITDA)	4,590	1,346	5,937	2,846	1,205	4,051



Restricted Group**Notes to Special Purpose Combined financial statements for the year ended 31 March 2018**

(Amounts in INR millions, unless otherwise stated)

27 Hedging activities and derivatives**Derivatives designated as hedging instruments**

The Companies under the Restricted Group use foreign currency denominated borrowings and cross currency risk. These swaps were designated as cash flow hedges and were entered into for periods consistent with foreign currency exposure of the underlying transactions.

Cash flow hedges

Hedge has been taken against exposure to foreign currency risk on highly probable forecast transaction.

Foreign currency and Interest rate risk

Cross currency interest rate swaps measured at the fair value through OCI are designated as hedging instruments in cash flow hedges of interest and principle payments in USD. However all interest rate swaps are settled in previous year.

Hedging reserve movement

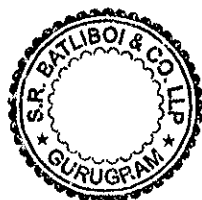
	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	-	(60)
Gain/(loss) recognised on cash flow hedges	-	83
Income tax relating to gain/loss recognized on cash flow hedges	-	(23)
Balance at the end of the year	-	-

28 Impact of Service Concession Arrangements (SCA) in Ind AS

In the preparation of the combined financial statements of the Restricted Group for year ended March 31, 2017, which were drawn up on the basis of the new accounting standards (Ind AS), the principle of Service Concession Arrangement [SCA] had been applied to some of the Power Purchase Agreements as provided under Appendix A to Ind AS 11. However, subsequently in light of emerging view around the interpretation of Ind AS 11 and the expected economic life of the concerned assets, the management has re-visited its position and believes that SCA does not apply to the Restricted Group.

As a consequence, these assets have now been recognized as "property, plant and equipment" and correspondingly, the construction revenue and other relevant expenses (including tax impact there on) that were recognized in the financials have been updated for such changes in judgment and other reclassification as shown in table disclosed below.

Particulars	Amounts as per signed financial statements of previous year	Restatement impact	Restated amounts of previous year
Impact on Balance Sheet			
Intangible assets under development	181	(181)	-
Capital work in progress	542	181	723
Intangible assets	18,388	(18,388)	-
Property, plant and equipment	11,982	18,382	30,364
Prepayments - Non Current	14	17	31
Prepayments - Current	18	1	19
Advance income tax (net of income tax provision)	145	19	164
Deferred tax liabilities	204	(9)	195
Retained earnings	493	40	533
Impact on Statement of Profit and Loss			
Construction Revenue	7,175	(7,175)	-
Project construction expenses	7,175	(7,175)	-
Finance cost	2,919	(13)	2,906
Current Tax	63	(17)	46
Deferred tax	(56)	15	(41)



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

29 Fair values

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

	31 March 2018		31 March 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans	8,810	8,810	1,529	1,529
Bank deposits with remaining maturity for more than twelve months	0	0	1	1
Investments-current, quoted mutual funds	1,309	1,309	-	-
Trade receivables	1,175	1,175	1,624	1,624
Cash and cash equivalent	671	671	7,159	7,159
Bank balances other than cash and cash equivalent	158	158	291	291
Other current financial assets	1,483	1,483	1,096	1,096
Financial liabilities				
Long term borrowings	32,351	32,351	31,689	31,689
Trade payables	736	736	504	504
Other current financial liabilities	1,219	1,219	2,265	2,265

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

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

- i) The fair values of the Company's bonds are determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

30 Fair value hierarchy

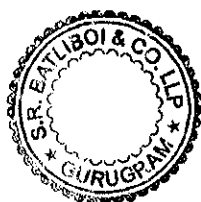
The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

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

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

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

	Level of fair value measurement	31 March 2018		31 March 2017	
		Carrying value	Fair value	Carrying value	Fair value
Financial Assets (Current)					
Financial assets measured at fair value					
Investments (quoted mutual funds)	Level 1	1,309	1,309	-	-
		1,309	1,309	-	-
Financial assets not measured at fair value					
Measured at amortised cost					
Financial Assets (Non current): Loans					
Security deposits	Level 2	0	0	0	0
Total		0	0	0	0
Financial Assets (Non current): Others					
Bank deposits with remaining maturity for more than twelve months	Level 2	0	0	1	1
Total		0	0	1	1
Financial assets not measured at fair value					
Financial Assets (current): Loans					
Loan to fellow subsidiary - redeemable non cumulative preference shares	Level 2	1,648	1,648	-	-
Loans to related parties	Level 2	7,162	7,162	1,529	1,529
Total		8,810	8,810	1,529	1,529
Financial Assets (Current): Others					
Generation based incentive receivable	Level 2	99	99	136	136
Recoverable from related parties	Level 2	428	428	285	285
Unbilled revenue	Level 2	512	512	616	616
Interest accrued on fixed deposits	Level 2	1	1	12	12
Interest accrued on loans to related parties	Level 2	443	443	45	45
Insurance claim receivable	Level 2	-	-	2	2
Total		1,483	1,483	1,096	1,096



Restricted Group
Notes to Special Purpose Combined financial statements for the year ended 31 March 2018
(Amounts in INR millions, unless otherwise stated)

Trade receivables	Level 2	1,175	1,175	1,624	1,624
Cash and bank balances					
Cash and cash equivalent	Level 2	671	671	7,159	7,159
Bank balances other than cash and cash equivalent	Level 2	158	158	291	291
Total		829	829	7,450	7,450
Financial liabilities not measured at fair value					
1. Measured at amortised cost					
Senior Secured Bonds	Level 2	31,766	31,766	31,151	31,151
Compulsorily Convertible Debentures (unsecured)	Level 2	143	143	144	144
Liability component of preference shares	Level 2	442	442	394	394
Total		32,351	32,351	31,689	31,689
Trade payables	Level 2	736	736	504	504
Financial liabilities (Current): Others					
Current maturities of long term borrowings	Level 2	-	-	373	373
Interest accrued but not due on borrowings	Level 2	432	432	555	555
Capital creditors	Level 2	786	786	1,337	1,337
Other payable	Level 2	1	1	-	-
Total		1,219	1,219	2,265	2,265

Particulars	Fair value hierarchy	Valuation technique	Inputs used
Financial assets measured at fair value			
Investments	Level 1	Quoted price	Quoted market price of mutual funds
Financial assets not measured at fair value			
Security deposits	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Loan to subsidiaries - redeemable non cumulative preference shares	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Bank deposits with remaining maturity for more than twelve months	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Trade receivables	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Cash and cash equivalent	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Bank balances other than cash and cash equivalent	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Generation based incentive receivable	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Recoverable from related parties	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Loans to related parties	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Unbilled revenue	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Interest accrued on fixed deposits	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Interest accrued on loans to related parties	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Insurance claim receivable	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Financial liabilities not measured at fair value			
Senior Secured Bonds	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Compulsorily Convertible Debentures (unsecured)	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Liability component of preference shares	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Current maturities of long term borrowings	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Trade payables	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Interest accrued but not due on borrowings	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Capital creditors	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows
Other payable	Level 2	Discounted cash flow	Prevailing interest rates in the market, Future cash flows



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

31 Financial Risk Management objectives and policies

"The Restricted Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities.

The main purpose of these financial liabilities is to finance the Restricted Group's operations and to support its operations. The Restricted Group's financial assets include loans, trade and other receivables, and cash & cash equivalents and other financial assets.

The Restricted Group is exposed to market risk, credit risk and liquidity risk. The Restricted Group's senior management oversees the management of these risks. The Restricted Group's senior management is supported by a various sub committees that advises on financial risks and the appropriate financial risk governance framework for the Restricted Group. These committees provides assurance to the Restricted Group's senior management that the Restricted Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Restricted Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below.

Market Risk

Market risk is the risk that the Restricted Group's assets and liabilities will be exposed to due to a change in market prices that determine the valuation of these financial instruments. Market risk comprises 3 types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place as at 31 March 2018.

Interest rate Risk:

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on financial liabilities, i.e. floating interest rate of borrowings in INR. Interest rate sensitivity has been calculated for borrowings with floating rate of interest. For borrowings with fixed rate of interest sensitivity disclosure has not been made. With all other variables held constant, the Restricted Group's profit before tax is affected through the impact on loans and borrowings, as follows:

Interest Rate Sensitivity

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

	31 March 2018		31 March 2017	
	Increase/decrease in basis points	Effect on profit before tax	Increase/decrease in basis points	Effect on profit before tax
INR	+ / (-) 50	(-) / + 0	+ / (-) 50	(-) / + 55
	Increase/decrease in basis points	Effect on equity	Increase/decrease in basis points	Effect on equity
INR	+ / (-) 50	(-) / + 0	+ / (-) 50	(-) / + 38

Foreign Currency Risk:

Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Restricted Group does not have any foreign currency exposures as on 31 March 2018. In case of foreign currency exposures, the Restricted Group monitors that the hedges do not exceed the underlying foreign currency exposure. The Restricted Group does not undertake any speculative transactions.

Credit Risk

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

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

The maximum credit exposure to credit risk for the components of the balance sheet at 31 March 2018 and 31 March 2017 is the carrying amount of all the financial assets.

Trade Receivables

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

The Restricted Group has state utilities/government entities as it's customers with high credit worthiness, therefore, the Restricted Group does not see any risk related to credit. The credit quality of the customers other than state utilities/government entities is evaluated based on their credit ratings and other publicly available data.

Financial instruments and credit risk

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



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

Liquidity Risk

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

The respective companies under the Restricted Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Restricted Group entities have access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

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

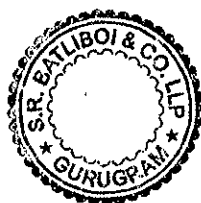
Year ended 31 March 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings						
Senior Secured Bonds*	-	-	-	43,719	-	43,719
Compulsorily convertible debentures	-	-	-	-	143	143
Redeemable non cumulative preference shares	-	-	-	-	442	442
Other financial liabilities						
Current maturities of long term borrowings*	-	-	2,954	-	-	2,954
Interest accrued but not due on borrowings	-	-	432	-	-	432
Capital Creditors	495	292	-	-	-	786
Trades payables						
Trades payables	595	141	-	-	-	736

* Including future interest payments.

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

Year ended 31 March 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings						
Senior Secured Bonds*	-	-	-	46,964	-	46,964
Compulsorily convertible debentures	-	-	-	-	144	144
Redeemable non cumulative preference shares	-	-	-	-	394	394
Other financial liabilities						
Current maturities of long term borrowings*	-	373	2,954	-	-	3,327
Interest accrued but not due on borrowings	141	414	-	-	-	555
Capital Creditors	453	884	-	-	-	1,337
Trades payables						
Trades payables	369	135	-	-	-	504

* Including future interest payments.



32 Capital management

For the purpose of the capital management by the respective companies under the Restricted Group, capital includes issued equity capital, compulsory convertible preference shares, compulsory convertible debentures, share premium and all other equity reserves attributable to the equity holders of the respective companies under the Restricted Group. The primary objective of the respective companies under the Restricted Group's capital management is to maximise the shareholder value.

The respective companies under the Restricted Group manage their capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the companies under the Restricted Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The respective companies under the Restricted Group monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The respective companies under the Restricted Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

The policy of the respective companies under the Restricted Group is to keep the gearing ratio to 3:1 during the construction phase and aim to enhance it to 4:1 post the construction phase. In the construction phase the Group manages the ratio at 3:1 through internal funding.

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

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

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year/period	Nil	Nil
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year/period	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year/period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year/period; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

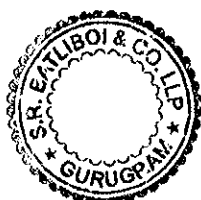
34 Corporate social responsibility expenditure

- (a) Gross amount required to be spent by the companies under the Restricted Group during the year is INR 7 (31 March 2017: INR 8).
(b) Amount spent during the year on:

List of CSR activities	In Cash	Yet to be paid	Total
Construction / Acquisition of any asset	nil	nil	nil
Activities relating to:			
Current year	12	5	17
Previous year	6	2	8
1) Sanitation & making available safe drinking water- Construction of toilets, Bore-well, well, Tube-well etc. 2) Empowering women through SHGs (self-help group) and creating income generation activities for the women like stitching and tailoring, goatery, backyard poultry etc.) 3) Ensuring environmental sustainability- animal welfare Plantation, environment awareness, 4) Animal Welfare-Animal health camp, Para -vet training 5) Education awareness, Remedial classes for weak students etc. 6) Health and Hygiene- Health camps in the community, cleanliness drive to create awareness.			

- 35 During the year, the Restricted Group entities reached settlement with certain suppliers/ contractors for compensation for loss of revenue on account of delay commissioning of Ellulra-I project. Resultantly, an amount of INR 83 on account of compensation for loss of revenue for Ellulra-I project has been recognised in the statement of profit and loss.

Since, the said LDs were directly linked to delay in creating profit making apparatus, the same was considered as capital receipt and thus was not included in Book Profit under section 115JB of the Income Tax Act, 1961. The same was supported by the opinion of the advisors obtained by the respective Companies under the Restricted Group.



Restricted Group

Notes to Special Purpose Combined financial statements for the year ended 31 March 2018

(Amounts in INR millions, unless otherwise stated)

36 Significant accounting judgments, estimates and assumptions

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

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

Taxes

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

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 29 and 30 for further disclosures.

Depreciation on property, plant and equipment

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

Basis legal opinion obtained, management is of the view that application of CERC and/or SERC rates for the purpose of accounting for depreciation expenses is not mandatory. Hence, respective companies under the Restricted Group are depreciating the assets bases on life as determined by an expert.

37 There are no employees on the rolls of the Companies forming part of the Restricted Group and therefore there are no employee benefit expenses accrued in the combined financial statements. Parent Company and fellow subsidiary (ReNew Power Services Private Limited) allocates employee costs to the companies forming part of the Restricted Group as management shared services and is not separately identifiable.

38 Absolute amounts less than INR 500,000 are appearing in the financial statements as "0" due to presentation in millions.

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

per Anil Chugh
Partner
Membership No.: 505224
Place: Gurugram
Date: 16 July 2018



For and on behalf of the Restricted Group

Chairman & Managing Director
(Sumant Sinha)
DIN- 00972012
Place: Gurugram
Date: 16 July 2018

Chief Financial Officer
(Ravi Sethi)

Place: Gurugram
Date: 16 July 2018

Independent Director
(Arun Duggal)
DIN- 00024262
Place: Gurugram
Date: 16 July 2018

Company Secretary
(Ashish Jain)
Membership No.: F6508
Place: Gurugram
Date: 16 July 2018