**Restricted Group**
**Special Purpose Combined Balance Sheet as at 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

| | Notes | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 45,584 | 46,794 |
| Capital work in progress | 4 | 46 | 6 |
| Goodwill | | 5,144 | 5,144 |
| Other intangible assets | 5 | 9,787 | 10,323 |
| Right of use assets | 6 | 141 | 151 |
| Financial assets | | | |
| Investment | 7 | 814 | 730 |
| Derivative instruments | 9 | 115 | - |
| Trade receivables | 13 | 1,480 | 153 |
| Others | 7 | 4 | 4 |
| Deferred tax assets (net) | 8 | 956 | 393 |
| Prepayments | 10 | 70 | 80 |
| Other non-current assets | 11 | 0 | 4 |
| Non current tax assets (net) | | 613 | 222 |
| **Total non-current assets** | | **64,754** | **64,004** |
| **Current assets** | | | |
| Inventories | 12 | 26 | 18 |
| Financial assets | | | |
| Loans | 7 | 16,771 | 12,252 |
| Trade receivables | 13 | 2,508 | 5,836 |
| Cash and cash equivalent | 14 | 897 | 1,268 |
| Bank balances other than cash and cash equivalent | 14 | 1,102 | 1,346 |
| Others | 7 | 3,952 | 2,862 |
| Prepayments | 10 | 64 | 78 |
| Other current assets | 11 | 60 | 63 |
| **Total current assets** | | **25,380** | **23,723** |
| **Total assets** | | **90,134** | **87,727** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15A | 5,737 | 5,737 |
| Instruments entirely equity in nature | 15B | 2,287 | 3,729 |
| Other equity | | | |
| Equity component of compulsorily convertible debentures | 16A | 336 | 336 |
| Securities premium | 16B | 4,302 | 4,302 |
| Hedge reserve | 16D | (125) | (716) |
| Retained earnings | 16E | (221) | 1,397 |
| Parent's contribution | 16F | 11,981 | 11,981 |
| **Total equity** | | **24,297** | **26,766** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Long-term borrowings | 17 | 51,230 | 46,751 |
| Derivative instruments | | 413 | - |
| Lease liabilities | 18 | 2 | 2 |
| Others | 23 | 408 | 352 |
| Long-term provisions | 19 | 2,965 | 2,389 |
| Deferred tax liabilities (net) | 8 | 3,963 | 2,494 |
| **Total non-current liabilities** | | **58,981** | **51,988** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Short-term borrowings | 20 | 3,693 | 4,368 |
| Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 21 | 20 | 10 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 21 | 998 | 1,135 |
| Lease Liabilities | 18 | 1 | 1 |
| Derivative instruments | 22 | - | 1,126 |
| Other current financial liabilities | 23 | 1,736 | 2,214 |
| Other current liabilities | 24 | 82 | 99 |
| Current tax liabilities (net) | | 326 | 20 |
| **Total current liabilities** | | **6,856** | **8,973** |
| **Total liabilities** | | **65,837** | **60,961** |
| **Total equity and liabilities** | | **90,134** | **87,727** |

Summary of significant accounting policies 3.1

The accompanying notes are an integral part of the Combined Financial Statements

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

**For and on behalf of the Restricted Group**

**per Naman Agarwal**
Partner
Membership No.: 502405
Place: Gurugram
Date:

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

**Kedar Upadhye**
(Chief Financial Officer)

Place: Gurugram
Date:

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

**Restricted Group**
**Special Purpose Combined Statement of Profit and Loss for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

| | Notes | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| **Income:** | | | |
| Revenue from operations | 25 | 7,317 | 7,490 |
| Other income | 26 | 2,365 | 2,464 |
| **Total income** | | **9,682** | **9,954** |
| **Expenses:** | | | |
| Cost of raw material and components consumed | 27 | 2 | - |
| Other expenses | 28 | 1,278 | 1,409 |
| **Total expenses** | | **1,280** | **1,409** |
| **Earning before interest, tax, depreciation and amortisation (EBITDA)** | | **8,402** | **8,545** |
| Depreciation and amortisation expense | 29 | 2,187 | 2,198 |
| Finance costs | 30 | 7,900 | 4,746 |
| (Loss)/profit before share of jointly controlled entities and tax | | **(1,685)** | **1,601** |
| **Share in income of jointly controlled entities** | | (84) | **(114)** |
| **(Loss)/profit before tax** | | **(1,601)** | **1,715** |
| **Tax expense** | | | |
| Current tax | 8 | 80 | 165 |
| Deferred tax | 8 | (65) | 328 |
| Adjustment of tax related to earlier years | | 2 | 3 |
| **(Loss)/profit for the period** | **(a)** | **(1,618)** | **1,219** |
| **Other comprehensive income (OCI)** | | | |
| **Items that will be reclassified to profit and loss in subsequent periods** | | | - |
| Net gain/(loss) on cash flow hedge reserve | | 114 | (58) |
| Net gain/(loss) on cost of hedge | | (37) | (901) |
| Income tax effect | | (201) | 243 |
| **Net other comprehensive (loss) / income that will be reclassified to profit and loss in subsequent periods** | **(b)** | **(124)** | **(716)** |
| **Total comprehensive income for the year** | **(a) + (b)** | **(1,742)** | **503** |
| Summary of significant accounting policies | 3.1 | | |

The accompanying notes are an integral part of the Combined Financial Statements

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

**For and on behalf of the Restricted Group**

**per Naman Agarwal**
Partner
Membership No.: 502405
Place: Gurugram
Date:

**Sumant Sinha**
(Chairman & Managing Director)
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Place: Gurugram
Date:

**Kedar Upadhye**
(Chief Financial Officer)

Place: Gurugram
Date:

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

**Restricted Group**
**Special Purpose Combined Statement of Cash Flows for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **(Loss)/ profit before tax** | **(1,601)** | **1,601** |
| Adjustments for: | | |
| Share in income of jointly controlled entities | (84) | - |
| Depreciation and amortisation expense | 2,187 | 2,198 |
| Operation and maintenance reserve | 55 | (58) |
| Impairment allowance for bad and doubtful debts | 14 | 47 |
| Impairment allowance for carbon credit | 33 | - |
| Impairment of Inventory | 1 | - |
| Interest income | (1,225) | (1,090) |
| Interest expense | 2,871 | 2,969 |
| Unamortised ancillary borrowing cost written off | 0 | 307 |
| Option Premium Amortised (P&L) | 713 | 686 |
| Foreign exchange loss | 3,750 | 595 |
| Unwinding of discount of provisions | 168 | 150 |
| Unwinding of financial assets | (137) | - |
| Loss on account of modification of contractual cash flows | 369 | - |
| Provisions written back | (77) | - |
| **Operating profit before working capital changes** | **7,037** | **7,405** |
| | | |
| **Movement in working capital** | | |
| (Increase)/decrease in trade receivables | 1,755 | (1,510) |
| (Increase)/decrease in inventories | (43) | (6) |
| (Increase)/decrease in other current financial assets | (7) | (89) |
| (Increase)/decrease in other current assets | 2 | 612 |
| (Increase)/decrease in prepayments | 24 | (60) |
| Increase/(decrease) in other current liabilities | (17) | 33 |
| Increase/(decrease) in trade payables | (47) | (16) |
| **Cash generated from operations** | **8,703** | **6,369** |
| Direct taxes (paid) | (162) | (234) |
| **Net cash generated from operating activities** | **8,541** | **6,135** |
| | | |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment including capital work in progress, intangibles, capital creditors and capital advances | (304) | (3,037) |
| Redemption/(Investments) of bank deposits having residual maturity more than 3 months | 244 | (714) |
| Loan given to related parties | (4,628) | (3,017) |
| Loan repaid by related parties | 109 | 811 |
| Interest received | 138 | 162 |
| **Net cash used in investing activities** | **(4,441)** | **(5,795)** |
| | | |
| **Cash flow from financing activities** | | |
| Proceeds from long-term borrowings | - | 46,504 |
| Repayment of long-term borrowings | - | (41,362) |
| Proceeds from short-term borrowings | 1 | 9,110 |
| Repayment of short-term borrowings | (675) | (10,349) |
| Interest paid | (3,082) | (3,266) |
| Option premium paid | (715) | (537) |
| **Net cash (used in)/generated from financing activities** | **(4,471)** | **100** |
| | | |
| **Net (decrease) / increase in cash and cash equivalents** | **(371)** | **440** |
| **Cash and cash equivalents at the beginning of the year** | **1,268** | **828** |
| **Cash and cash equivalents at the end of the year** | **897** | **1,268** |
| | | |
| **Components of cash and cash equivalents** | | |
| - On current accounts | 106 | 1,268 |
| - On deposit accounts with original maturity of less than 3 months | 791 | - |
| - On deposit account for more than 3 months and less than 12 months | 1,102 | - |
| | **1,999** | **1,268** |
| Less: Fixed deposits with original maturity of between 3 months and 12 months | (1,102) | - |
| **Total cash and cash equivalents** | **897** | **1,268** |

**Restricted Group**
**Special Purpose Combined Statement of Cash Flows for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

**Changes in liabilities arising from financial activities:**

| **Particulars** | **Opening balance as at 1 April 2022** | **Cash flows (net)** | **Other changes*** | **Closing balance as at 31 March 2023** |
|---|---|---|---|---|
| Long-term borrowings (including current maturities) | 46,751 | - | 3,803 | 51,230 |
| Short-term borrowings | 4,368 | (674) | (2) | 3,693 |
| **Total liabilities from financing activities** | **51,119** | **(674)** | **3,801** | **54,923** |

| **Particulars** | **Opening balance as at 1 April 2021** | **Cash flows (net)** | **Other changes*** | **Closing balance as at 31 March 2022** |
|---|---|---|---|---|
| Long-term borrowings (including current maturities) | 41,013 | 5,142 | 596 | 46,751 |
| Short-term borrowings | 5,608 | (1,240) | - | 4,368 |
| **Total liabilities from financing activities** | **46,621** | **3,902** | **596** | **51,119** |

* other changes includes adjustment of ancillary borrowing cost
Refer note 32 for movement in lease liabilities.

Summary of significant accounting policies 3.1

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

The accompanying notes are an integral part of the Combined Financial Statements

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

**For and on behalf of the Restricted Group**

**per Naman Agarwal**
Partner
Membership No.: 502405
Place: Gurugram
Date:

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

**Kedar Upadhye**
(Chief Financial Officer)
Place: Gurugram
Date:

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

**Restricted Group**
**Special Purpose Interim Combined Statement of changes in equity as at 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

| Particulars | Attributable to the equity holders of entities forming part of the Restricted Group | | | | | | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Reserves and surplus# | | | | Items of OCI# | |
| | Equity share capital* | Equity component of compulsorily convertible debentures | Instruments entirely equity in nature# | Securities premium | Debenture redemption reserve | Retained earnings | Parent's contribution | Hedge reserve | |
| | (refer note 15A) | (refer note 16A) | (refer note 15B) | (refer note 16B) | (refer note 16C) | (refer note 16E) | (refer note 16F) | (refer note 16D) | |
| | | | | | | | | | |
| **At 01 April 2021** | **5,737** | **336** | **3,729** | **4,302** | **58** | **120** | **11,981** | **-** | **26,263** |
| Profit for the year | - | - | - | - | | 1,219 | - | - | 1,219 |
| Other comprehensive loss (net of taxes) | - | - | - | - | | - | - | (125) | (125) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **1,219** | **-** | **(125)** | **1,094** |
| Amount transferred from debenture redemption reserve | - | - | - | - | (58) | 58 | | - | (0) |
| **At 31 March 2022** | **5,737** | **336** | **3,729** | **4,302** | **-** | **1,397** | **11,981** | **(716)** | **26,766** |
| Profit for the year | - | - | - | - | - | (1,618) | - | **591** | (1,027) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **(1,618)** | **-** | **-** | **(1,617)** |
| Preference shares issued during the year | - | - | (1,442) | - | - | - | - | - | - |
| **At 31 March 2023** | **5,737** | **336** | **2,287** | **4,302** | **-** | **(221)** | **11,981** | **(125)** | **24,297** |

*The Combined Financial Statement do not represent a legal entity structure. The share capital of Restricted Group is the summation of the share capital of the respective entities forming part of the Restricted Group.
# Instruments entirely equity in nature and reserves and surplus represents the aggregate amount of Restricted Group entities as at the year ends

Summary of significant accounting policies 3

The accompanying notes are an integral part of the Combined Financial Statements

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

**For and on behalf of the Restricted Group**

**per Naman Agarwal**
Partner
Membership No.: 502405
Place: Gurugram

Date:

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

**Kedar Upadhye**
(Chief Financial Officer)

Place: Gurugram
Date:

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

Place: Gurugram
Date:

**Restricted Group**
**Notes to Special Purpose Combined Financial Statements for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

## 1 Corporate information

ReNew Power Private Limited is a private limited company (Formerly known as 'ReNew Power Limited') (referred to as the "Parent" or "RPPL") having its registered office of the Company is located at 138, Ansal Chamber - II Bikaji Cama Place, New Delhi-110066.

Certain subsidiary companies of the Parent, Ostro Energy Private Limited (wholly owned subsidiary of Renew Power Services Private Limited) and Renew Power Services Private Limited (wholly owned subsidiary of RPPL), which are collectively referred to as the 'Restricted Group'intend to issue US Dollar denominated notes and their listing on Singapore Exchange Securities Trading Limited (SGX-ST). The details of entities forming part of Restricted Group are explained in table below

| Sr No. | Name of entity | Holding Company | % of Holding as at 31st March 2022 | % of Holding as at 31st March 2021 |
|---|---|---|---|---|
| 1 | Renew Wind Energy (Delhi) Private Limited | ReNew Power Private Limited | 100.0% | 100.0% |
| 2 | Renew Wind Energy (AP 2) Private Limited | ReNew Power Private Limited | 100.0% | 100.0% |
| 3 | Ostro Jaisalmer Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 4 | Ostro Urja Wind Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 5 | Ostro Madhya Wind Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 6 | Badoni Power Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 7 | AVP Powerinfra Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 8 | Ostro Anantapur Private Limited#@ | Ostro Energy Private Limited* | 78.6% | 78.6% |
| 9 | Ostro Mahawind Private Limited# | Ostro Energy Private Limited* | 100.0% | 100.0% |
| 10 | Prathamesh Solarfarms Limited^ | Ostro Energy Private Limited* | 100.0% | 100.0% |

*Ostro Energy Private Limited is a 100% subsidiary of Renew Power Services Private Limited and Renew Power Services Private Limited is a 100% subsidiary of ReNew Power Private Limited.

@ Remaining equity interest of 21.40% in Ostro Anantapur Private Limited is held by Ostro Renewables Private Limited (wholly owned subsidiary of Ostro Energy Private Limited)

#CGU 1 (wind Power Segment) - These 7 entities were acquired by Parent as on 28 March 2018 via business combination.
^CGU 2 (Solar Power Segment) - Prathamesh Solarfarms Limited was acquired by Parent via business combination on 30 January 2019.

The entities forming part of Restricted Group are carrying out business activities relating to generation of power through non-conventional and renewable energy sources.

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

## 2 Purpose of Special Purpose Combined Financial Statements

The Combined Financial Statements are Special Purpose Combined Financial Statements which have been prepared for the purpose of the proposed issue of USD denominated notes by each member of Restricted Group. These Combined Financial Statements presented herein reflect the Restricted Group's results of operations, assets and liabilities and cash flows For the year presented. The basis of preparation and significant accounting policies used in preparation of these 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 have been prepared in accordance with the principles of Indian Accounting Standards ("Ind AS") 34 "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) (except "Ind AS 33 Earnings Per Share)" issued there under, presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable and the Guidance Note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note") and other accounting principles generally accepted in India.

Management of the Parent company has prepared the Combined Financial Statements which comprise the Combined Balance Sheet as at 31 March 2022, the Combined Statement of Profit and Loss including other comprehensive income, Combined Statement of Cash Flows and Combined Statement of Changes in Equity for the  year ended 31 March 2022, a summary of the significant accounting policies and other explanatory information.

Management has prepared these Special Purpose Combined Financial Statements to depict the historical cost of the Restricted Group except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The Special Purpose 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 year 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 and Schedule III of Companies Act 2013.

**3.2 Basis of combination**

The financial statements of all entities forming part of Restricted Group used for the purpose of combination are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2022.

The Special Purpose Combined Financial Statements have been prepared by combining like items of assets, liabilities. equity, income, expenses and cash flows of the entities forming part of Restricted Group. All the intragroup assets and liabilities, equity, income, expenses and cash flows relating to entities forming part of Restricted Group have been eliminated and profits or losses arising from intragroup transactions that are recognised in assets, such as inventory and fixed assets have been eliminated in full. The resulting financial position may not be that which might have existed if the combining businesses had been a stand-alone business.

The carrying values pertaining to an entity, as reflected in the consolidated financial statements of the Parent, are used for the purpose of preparing Unaudited Special Purpose Special Purpose Combined Financial Statements including fair value adjustment to assets and liabilities on acquisition along with corresponding impact on deferred taxes.

All intercompany transactions and balances within the Restricted Group have been eliminated in full. Transactions that have taken place with other related parties of entities forming part of the Restricted Group but not forming part of the Restricted Group have been disclosed in accordance with Ind AS 24 Related Party Disclosures.

Share capital and reserves disclosed in the Special Purpose Combined Financial Statements is not the legal capital and reserves of the Restricted Group and is the aggregation of the share capital and reserves of the individual combining entities.

Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note.

The Special Purpose Combined Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The accounting policies adopted for preparation and presentation of Special Purpose Special Purpose Combined Financial Statements have been consistently applied except for the changes in accounting policy effective for annual period beginning from on or after 1 April 2019. Refer note 3.4 for change in accounting policy.

**Business Combination and Goodwill**

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

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

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred by the Parent over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Parent re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised as Parent's contribution in Other Equity.

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

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

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

There are no business combinations made by any of the entities forming part of Restricted Group. For accounting policy on business combination for Restricted Group, refer Note 3.2 Basis of Combination

**3.3 Summary of significant accounting policies**

**a) 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

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 entities forming part of the Restricted Group have identified twelve months as their operating cycle for classification of their current assets and liabilities.

**b) Fair value measurement**

The entities forming part of the Restricted Group measure 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 entities forming part of 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 entities forming part of the Restricted Group use 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 Special Purpose Combined 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 entities forming part of the Restricted Group have 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.

At each reporting date, the management of the entities forming part of the Restricted Group analyse 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 entities forming part of the Restricted Group determine 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 42)
· Quantitative disclosures of fair value measurement hierarchy (Refer Note 38)
· Financial instruments (including those carried at amortised cost) (Refer Note 37 and 38)

**c) Revenue recognition**

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

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

**Sale of power**

Income from supply of power is recognised over time on the supply of units generated from plant to the grid as per terms of the Power Purchase Agreement (PPA) entered into with the customers.

The entities forming part of Restricted Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of power, the entities forming part of Restricted Group considers the effects of variable consideration and existence of a significant financing component. There is only one performance obligation in the arrangement and therefore, allocation of transaction price is not required.

Transaction price - remaining performance obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the entities forming part of Restricted Group expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the entities forming part of Restricted Group has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

Variable consideration

If the consideration in a contract includes a variable amount, the entities forming part of Restricted Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. To estimate the variable consideration, the entities forming part of Restricted Group applies the method that it expects best predicts the amount of consideration to which the entities forming part of Restricted Group will be entitled based on the terms of the contract.

- Rebates

In some PPAs, the entities forming part of Restricted Group provide rebates in invoice if payment is made before the due date. These are adjusted against revenue and are offset against amounts payable by the customers.

- Significant financing component

Significant financing component for customer contracts is considered for the length of time between the customers' payment and the transfer of the performance obligation, as well as the prevailing interest rate in the market. The transaction price for these contracts is discounted, using the interest rate implicit in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the entities forming part of Restricted Group and the customer at contract inception.

**(ii) Contract balances**

a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the entities forming part of Restricted Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to accounting policies in section (o) Impairment of non-financial assets.

b) Contract liabilities

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

c) Trade receivables

A receivable represents the entities forming part of Restricted Group right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**(iii) Others**

a) Income from compensation for loss of revenue

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

b) Dividend

The entities forming part of Restricted Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the entities forming part of Restricted Group.

c) 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.

d) 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 receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the entities forming part of the Restricted Group estimate 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 other income in the Unauited Special Purpose Interim Combined Statement of Profit and Loss.

e) Income from government grants

Refer note (f) for accounting policy.

**d) Foreign currencies**

The financial statements are presented in Indian rupees (INR), which is also the functional currency in which the Company operate.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**e) Income taxes**

***Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment. Current income tax assets and liabilities are offset if a legally enforceable right exists to set off these and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Deferred tax***

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

In situations where entity is entitled to a tax holiday under the Income-tax Act, 1961, enacted in India, no deferred tax (asset or liability) is recognised 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 recognised in the period in which the temporary differences originate. However, the Group restrict the recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

***Minimum Alternate Tax***

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit or loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset, it is created by way of credit to the statement of profit or loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

**f) 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 is 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 is related to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the entities forming part of the Restricted Group receive grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to Statement of Profit and 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 entities forming part of 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 renewable certificates have been recognised as other income.

**Sale of emission reduction certificates**

Government grants in the form of carbon emission rights (CERs), which are received on projects registered under the United Nations Framework on Climate Change, are recorded as non-financial assets and initially measured at fair value when there is reasonable assurance that such CERs will be received, with credit being recognised as Income from carbon credits under other income in the statement of profit or loss. Such CERs are subsequently tested for impairment. The Restricted Group derecognises the CERs when the certificate is sold, which occurs when units are transferred to the customer. The difference between the carrying value and sale price is recognised as income from carbon credits.

**g) Property, plant and equipment**

Capital work in progress and freehold land are stated at cost, net of accumulated impairment loss, if any. Property, 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 property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the entities forming part of 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 property, 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.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development net off impairment loss, if any, as at the balance sheet date. Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 39) and provisions (Note 18) for further information about the recognised decommissioning provision.

***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 Unaudited Special Purpose Combined Statement of Profit and Loss 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.

**h) Intangible assets**

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

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

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

**i) Depreciation / amortisation of property, plant and equipment and intangibles**

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

| Category | Useful life (in years) |
|---|---|
| Plant and equipment (wind and solar power projects till 30 September 2020)* | 18-25 |
| Plant and equipment (wind and solar power projects) (from 01 October 2020) (Refer Note 39)# | 30-35 |
| Furniture & fixture | 10 |
| Office equipment | 5 |
| Computers | 3-6 |
| Computers Software | 3 |
| Customer contracts | 25 |

* 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.

# Based on an external technical assessment, the management believes that the useful lives as given above and residual value of 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 and other intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**j) Leases**

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

**As a lessee**

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

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

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

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

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

**ii) Lease liabilities**

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

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

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

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

**As a lessor**

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

**k) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

**l) 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 and Loss. The amount amortized For the year from disbursement of borrowed funds upto the date of capitalization of the qualifying assets is added to cost of the qualifying assets.

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

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

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

The entities forming part of 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 entities forming part of the Restricted Group extrapolate 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 entities forming part of the Restricted Group estimate 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 value 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 and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation.

**n) Provisions**

Provisions are recognised when the entities forming part of the Restricted Group have 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 entities forming part of the Restricted Group expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

**Decommissioning liability**

The entities forming part of Restricted Group consider constructive obligations and record a provision for decommissioning costs of the wind and solar power plants. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

**o) 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***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Restricted Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

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 expense in the Combined Statement of Profit and Loss. The losses arising from impairment are recognised in the Unaudited Special Purpose Ingterim Combined Statement of Profit and Loss.

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

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the entities forming part of the Restricted Group recognize interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instruments at fair value through profit and 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 entities forming part of 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 entities forming part of the Restricted Group have 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.

**Embedded derivative**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

**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 entities forming part of the Restricted Group may make an irrevocable election to present the subsequent changes in the fair value in OCI. The entities forming part of the Restricted Group make such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the entities forming part of the Restricted Group decide 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 entities forming part of 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 entities forming part of the respective Restricted Group have 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 entities forming part of the Restricted Group have 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 entities forming part of 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 entities forming part of the Restricted Group continue to recognise the transferred asset to the extent of the continuing involvement of the entities forming part of the Restricted Group. In that case, the entities forming part of 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 entities forming part of the Restricted Group have 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 entities forming part of the Restricted Group could be required to repay.

***Impairment of financial assets***

In accordance with Ind AS 109, the entities forming part of the Restricted Group apply expected credit loss (ECL) model for measurement and recognition of impairment loss for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entities forming part of the Restricted Group expects to receive, discounted at an approximation of the original effective interest rate.

The entities forming part of the Restricted Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. The entities forming part of the Restricted Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The entities forming part of the Restricted Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The application of simplified approach does not require the entities forming part of 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 entities forming part of 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 entities forming part of the Restricted Group revert to recognising impairment loss allowance based on 12-month ECL. The entities forming part of the Restricted Group consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

The entities forming part of the Restricted Group consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entities forming part of the Restricted Group may also consider a financial asset to be in default when internal or external information indicates that the entities forming part of the Restricted Group are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entities forming part of the Restricted Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECL impairment loss allowance (or reversal) during the year is recognised as expense / income in the statement of profit or loss.

**Modification of financial assets**

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated. Any costs or fees incurred are adjusted with the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and 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 entities forming part 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 Statement of Profit and 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 entities forming part of 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.

***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 and Loss.

**Optionally Convertible Redeemable Preference shares (OCRPS)**

Optionally Convertible Redeemable Preference shares are accounted for as Instruments entirely equity in nature since conversion option meets Ind AS 32 criteria for fixed to fixed classification and the dividend distribution is discretionary in nature.

**Compulsorily Convertible Debentures (CCDs)**

The entities forming part of the Restricted Group determine 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 entities forming part of the Restricted Group recognise interest, dividends, losses and gains relating to such financial instrument or a component that is a financial liability as income or expense in statement of 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.

***Reclassification of financial assets and liabilities***

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

***Offsetting of financial instruments***

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

**p) 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 entities forming part of the Restricted Group's cash management.

**q) 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.

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

Impact of events occurring after the balance sheet date that provide additional information materially effecting the determination of the amounts relating to conditions existing at the balance sheet date upto the date of the approval for issue of these Special Purpose Combined Financial Statements by the Board of Directors of the Restricted Group are adjusted to respective assets and liabilities.

The entities forming part of the Restricted Group do not adjust the amounts recognised in its Special Purpose Combined Financial Statements to reflect non-adjusting events after the reporting period.

The entities forming part of the Restricted Group make disclosures in the financial statement in cases of significant events.

**s) 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 entities forming part 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.

**3.4 New standards, interpretations and amendments**

**3.4.1. New and amended standards and interpretations adopted by the company**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

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(Amounts in INR millions, unless otherwise stated)

**4 Property, plant and equipment**

| | Freehold Land# | Plant and equipment | Buildings | Office equipment | Furniture & fixtures | Computers | Total property, plant and equipment | Capital work in progress*** |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| **At 1 April 2021** | 899 | 52,073 | - | 1 | 1 | 3 | 52,977 | 2 |
| Additions during the year | - | 2 | - | - | 1 | 0 | 3 | 6 |
| Adjustment* | 39 | (39) | | - | - | - | - | - |
| Adjustment** | - | (520) | - | - | - | - | (520) | (2) |
| **At 31 March 2022** | **938** | **51,516** | **1** | **1** | **2** | **3** | **52,460** | **6** |
| Additions during the year | - | 21 | 0 | - | 0 | 0 | 21 | 61 |
| Adjustment** | - | 408 | - | - | - | - | 408 | - |
| Capitalised during the year | - | - | | - | - | - | - | (21) |
| **At 31 March 2023** | **938** | **51,945** | **1** | **1** | **2** | **2** | **52,889** | **46** |
| **Accumulated depreciation** | | | | | | | | |
| **At 1 April 2021** | - | 4,013 | - | 1 | 0 | 1 | 4,015 | - |
| Charge For the year (refer note 29) | - | 1,650 | 0 | 0 | 1 | 0 | 1,651 | - |
| **At 31 March 2022** | **-** | **5,663** | **0** | **1** | **1** | **1** | **5,666** | **-** |
| Charge For the year (refer note 29) | - | 1,639 | 0 | 0 | 0 | 0 | 1,639 | - |
| **At 31 March 2023** | **-** | **7,302** | **0** | **1** | **1** | **1** | **7,305** | **-** |
| **Net book value** | | | | | | | | |
| **At 1 April 2021** | **713** | **26,264** | **-** | **0** | **1** | **1** | **26,979** | **14,194** |
| **At 31 March 2022** | **938** | **45,853** | **0** | **0** | **1** | **2** | **46,794** | **6** |
| **At 31 March 2023** | **938** | **44,643** | **1** | **0** | **1** | **1** | **45,584** | **46** |

**Mortgage and hypothecation on Property, plant and equipment:**
Property, plant and equipment with a carrying amount of INR 45,630 (31 March 2022: INR 46,801) are subject to a pari passu first charge to respective lenders for term loans financial institutions and senior secured notes as disclosed in Note 17.

****Adjustment pertain to following**

Adjustment during the year pertains to reassessment of asset retirement obligation adjusted in plant and equipment

*****Capital work in progress**
Capital work in progress comprises of expenditure with respect to construction of wind power plants.

**As at 31 March 2023**

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 46 | - | - | - | 46 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **46** | **-** | **-** | **-** | **46** |

**As at 31 March 2022**

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 6 | - | - | - | 6 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **6** | **-** | **-** | **-** | **6** |

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(Amounts in INR millions, unless otherwise stated)

| **5 Other intangible assets** | **Computer software** | **Customer contracts** | **Total intangibles** | **Goodwill** |
|---|---|---|---|---|
| **Cost** | | | | |
| **At 1 April 2021** | 1 | 12,471 | 12,472 | 5,144 |
| **At 31 March 2022** | **1** | **12,471** | **12,472** | **5,144** |
| **At 31 March 2023** | **1** | **12,471** | **12,472** | **5,144** |
| **Accumulated amortisation** | | | | |
| **At 1 April 2021** | 1 | 1,611 | 1,612 | **-** |
| Amortisation For the year (refer note 29) | 0 | 537 | 537 | - |
| **At 31 March 2022** | **1** | **2,148** | **2,149** | **-** |
| Amortisation For the year (refer note 29) | 0 | 537 | 537 | - |
| **At 31 March 2023** | **1** | **2,685** | **2,686** | **-** |
| **Net book value** | | | | |
| **At 1 April 2021** | **1** | **11,396** | **11,397** | **5,144** |
| **At 31 March 2022** | **0** | **10,323** | **10,323** | **5,144** |
| **At 31 March 2023** | **0** | **9,787** | **9,787** | **5,144** |

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**(Amounts in INR millions, unless otherwise stated)**

## 6 Right of use assets

| | Leasehold land |
|---|---|
| **Cost** | |
| **At 1 April 2021** | **176** |
| **At 31 March 2022** | **176** |
| **At 31 March 2023** | **176** |
| | |
| **Accumulated depreciation** | |
| **At 1 April 2021** | **15** |
| Depreciation charged to profit and loss during the year (refer note 29) | 10 |
| **At 31 March 2022** | **25** |
| Depreciation charged to profit and loss during the period (refer note 29) | 10 |
| **At 31 March 2023** | **35** |
| | |
| **Net book value** | |
| **At 1 April 2021** | **161** |
| **At 31 March 2022** | **151** |
| **At 31 March 2023** | **141** |

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(Amounts in INR millions, unless otherwise stated)

## 7 Financial assets

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Non current (unsecured, considered good unless otherwise stated)** | | |
| **Financial assets at cost** | | |
| **Investment in unquoted equity shares of Associate** | | |
| 37,000,000 (31 March 2021 37,000,000) equity shares of INR 10 fully paid up in Ostro Dakshin Power Private Limited | 568 | 484 |
| **Investment in unquoted equity shares of body corporate** | | |
| 24,599,999 (31 March 2021 24,599,999) equity shares of INR 10 fully paid up in VG DTL Transmission Private Limited | 246 | 246 |
| | **814** | **730** |
| Aggregate book value of unquoted investment | 814 | 730 |
| **Financial assets at fair value through OCI** | | |
| **Cash flow hedges** | | |
| Derivative instruments | 0 | (0) |
| **Total** | **0** | **(0)** |
| **Others** | | |
| Bank deposits with remaining maturity for more than twelve months (refer note 14) | 0 | 0 |
| Security deposits | 4 | 4 |
| **Total** | **4** | **4** |
| **Current (unsecured, considered good unless stated otherwise)** | | |
| **Loans** | | |
| **Considered good - Secured** | - | - |
| **Considered good - Unsecured** | | |
| Loans to related parties (refer note 33)** | 16,771 | 12,252 |
| **Loans which have significant increase in credit risk** | - | - |
| **Loans - credit impaired** | - | - |
| **Total** | **16,771** | **12,252** |
| **Others** | | |
| Government grants* | | |
| - Generation based incentive receivable | 77 | 184 |
| Recoverable from related parties (refer note 33) | 327 | 242 |
| Insurance claim receivable | 35 | 6 |
| Interest accrued on fixed deposits | 11 | 2 |
| Interest accrued on loans to related parties (refer note 33) | 3,502 | 2,428 |
| Security Deposits | 0 | - |
| Accrued interest income | - | 0 |
| **Total** | **3,952** | **2,862** |

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

Loans and receivables are non-derivative financial assets which generate a fixed interest income for the entities forming part of the Restricted Group. The carrying value may be affected by changes in the credit risk of the counterparties.

**Unsecured loan to related party is recoverable on demand and carries interest at 8.00% per annum.

**Loans or advances to specified persons**

| | Current period | | Previous period | |
|---|---|---|---|---|
| **Type of Borrower** | **Amount outstanding** | **% of Total** | **Amount outstanding** | **% of Total** |
| Promoters | - | - | - | - |
| Directors | - | - | - | - |
| Loan to Related Parties (refer note 33) | 16,771 | 100% | 12,252 | 100% |

## 9 Derivative instruments

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Financial assets designated as a hedge instrument at OCI** | | |
| **Non-current** | | |
| **Cash flow hedges** | | |
| Derivative instruments- hedge instruments | 115 | - |
| **Total** | **115** | **-** |
| **Current** | | |
| **Cash flow hedges** | | |
| Derivative instruments- hedge instruments | - | - |
| **Total** | **-** | **-** |

**Restricted Group**
**Notes to Special Purpose Combined Financial Statements for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

## 10 Prepayments

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Non-current (unsecured, considered good unless otherwise stated)** | | |
| Prepaid expenses | 70 | 80 |
| **Total** | **70** | **80** |
| **Current (unsecured, considered good unless otherwise stated)** | | |
| Prepaid expenses | 64 | 78 |
| **Total** | **64** | **78** |

## 11 Other assets

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Non-current (unsecured, considered good unless otherwise stated)** | | |
| Capital advance | - | 4 |
| Balances with Government authorities | 0 | 0 |
| **Total** | **0** | **4** |
| **Current (Unsecured, considered good unless otherwise stated)** | | |
| Advances recoverable | 57 | 63 |
| Balances with government authorities | 0 | 0 |
| Others | 3 | - |
| **Total** | **60** | **63** |
| Advance income tax (net of income tax provisions) | 613 | 222 |

## 12 Inventories

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Emission reduction certificates | 12 | - |
| Consumables and spares | 14 | 18 |
| **Total** | **26** | **18** |

## 13 Trade receivables

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Non current** | | |
| Unsecured, considered good | 1,480 | 153 |
| **Total** | **1,480** | **153** |
| **Current** | | |
| Unsecured, considered good | 2,623 | 5,937 |
| Secured, considered good | - | - |
| Receivables which have significant increase in credit risk | - | - |
| Receivables - credit impaired | - | - |
| | 2,623 | 5,937 |
| Less: Impairment allowance for bad and doubtful debts | (115) | (101) |
| **Total** | **2,508** | **5,836** |
| **Non Current** | 1,480 | 153 |
| **Current** | 2,508 | 5,836 |

No trade or other receivables are due from directors or other officers of the entities forming part of the Restricted Group 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. Set out is the movement in the allowance for expected credit losses of trade receivables:

| | Impairment allowance |
|---|---|
| **As at 1st April 2021** | **-** |
| Provision for expected credit losses for the year | 101 |
| **As at 31st March 2022** | 101 |
| Provision for expected credit losses for the year | 14 |
| **As at 31st March 2023** | **115** |

## 14 Cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balance with bank | | |
| - On current accounts | 106 | 1,268 |
| - Deposits with original maturity of less than 3 months | 791 | - |
| **Total** | **897** | **1,268** |
| **Bank balances other than cash and cash equivalents** | | |
| Deposits with | | |
| - Remaining maturity for less than twelve months | 1,102 | 1,346 |
| **Total** | **1,102** | **1,346** |

(Amounts in INR millions, unless otherwise stated)

**15 Share capital**

The Combined Financial Statements do not represent a legal entity structure. The share capital of Restricted Group is the summation of the share capital of the respective entities forming part of the Restricted Group.

| **Authorised share capital** | **Number of shares** | **Amount** |
|---|---|---|
| **Equity shares of INR 10 each** | | |
| **At 1 April 2021** | 577,815,500 | 5,778 |
| **At 31 March 2022** | **577,815,500** | **5,778** |
| **At 31 March 2023** | **577,815,500** | **5,778** |
| | | |
| **0.0001% optionally convertible redeemable preference shares of INR 10 each** | | |
| **At 1 April 2021** | 48,272,000 | 483 |
| **At 31 March 2022** | 48,272,000 | 483 |
| **At 31 March 2023** | **48,272,000** | **483** |

| **Issued share capital** | **Number of shares** | **Amount** |
|---|---|---|
| **15A Equity shares of INR 10 each issued, subscribed and paid up** | | |
| **At 1 April 2021** | 572,061,131 | 5,721 |
| Shares issued during the year | 1,600,000 | 16 |
| **At 31 March 2022** | **573,661,131** | **5,737** |
| **At 31 March 2023** | **573,661,131** | **5,737** |

**Terms/rights attached to equity shares**
The entities forming part of 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 entities forming part of Restricted Group will pay dividends in Indian rupees.
In the event of liquidation of entities forming part of the Restricted Group, the holders of equity shares of entities forming part of Restricted Group will be entitled to receive remaining assets of the respective entity, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders of the respective entity.

**15B Instruments entirely equity in nature**

| **0.0001% 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 )*** | **Equity component*** |
|---|---|---|---|---|
| **At 1 April 2021** | 37,294,470 | 3,729 | - | 3,729 |
| **At 31 March 2022** | 37,294,470 | 3,729 | - | 3,729 |
| Accretion during the year | - | - | 673 | (1,442) |
| **At 31 March 2023** | **37,294,470** | **3,729** | **673** | **2,287** |

(*Adjusted for deferred tax at inception)

**0.0001% optionally convertible redeemable preference shares (INR 100 each, including premium of INR 90) (OCRPS)**
Renew Wind Energy (AP 2) Private Limited issued 37,294,470 0.0001% OCRPS during the year INR 10 each fully paid-up at a premium of INR 90 per share. OCRPS carry non-cumulative dividend @ 0.0001%. the Renew Wind Energy (AP 2) Private Limited declares and pays dividends in Indian rupees.

OCRPS do not carry voting rights and OCRPS would be in the event of conversion converted into Equity Shares of Renew Wind Energy (AP 2) Private Limited in the ratio of 1 equity shares : 1 preference shares.

In the event of Liquidation of the Renew Wind Energy (AP 2) Private Limited,, the holders of OCRPS shall be paid 1 times the face value of OCRPS and such dividend in arrear, if any, declared and remained unpaid.

**15B Shares held by the Holding Company of entities forming part of Restrcited Group**

| | **As at 31 March 2023** | | **As at 31 March 2022** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **ReNew Power Private Limited*** | | | | |
| Equity shares of INR 10 each | 19,396,490 | 194 | 19,396,490 | 194 |
| 0.0001% Optionally convertible redeemable preference shares of INR 10 each | 37,294,470 | 373 | 37,294,470 | 373 |
| **Ostro Energy Private Limited*** | | | | |
| Equity shares of INR 10 each | 521,091,564 | 5,211 | 521,091,564 | 5,211 |

*for details of relationship with the respective entities of the Restricted Group refer note 33.

**15C Details of shareholders holding more than 5% shares in the Restricted Group**

| | **As at 31 March 2023** | | **As at 31 March 2022** | |
|---|---|---|---|---|
| | **Number** | **% Holding** | **Number** | **% Holding** |
| **Equity shares of INR 10 each** | | | | |
| Ostro Energy Private Limited* | 521,091,564 | 90.84% | 521,091,564 | 90.84% |
| Ostro Renewables Private Limited (fellow subsidiary) | 33,173,077 | 5.78% | 33,173,077 | 5.78% |
| **0.0001% Optionally convertible redeemable preference shares of INR 10 each** | | | | |
| ReNew Power Private Limited* | 37,294,470 | 100.00% | 37,294,470 | 100% |

As per the records of the entities forming part of the Restricted Group, including its register of shareholders/members the above shareholding represents both legal and beneficial ownerships of shares.
*for details of relationship with the respective entities of the Restricted Group refer note 33.

**15D** No shares have been allotted without payment of cash or by way of bonus shares during the year of five years immediately preceding the balance sheet date.

## 16 Other equity

### 16A Equity component of compulsorily convertible debentures (CCD)

| | |
|---|---|
| **At 1 April 2021** | 336 |
| **At 31 March 2022** | 336 |
| **At 31 March 2023** | **336** |

**Terms of conversion of CCDs**

CCDs are compulsorily convertible into equity shares at the end of twenty years from the date of issue, in accordance with the terms of the JVA at conversion ratio of 1 equity shares : 1 preference shares. CCD carry an interest coupon rate of 8% per annum with moratorium of 18 months from the date of issue. CCDs do not carry any voting rights.

(*Adjusted for deferred tax at inception)

### 16B Securities premium

| | |
|---|---|
| **At 1 April 2021** | 4,118 |
| Premium on issue of equity shares during the year | 184 |
| **At 31 March 2022** | **4,302** |
| **At 31 March 2023** | **4,302** |

**Nature and purpose**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

### 16C Debenture redemption reserve

| | |
|---|---|
| **At 1 April 2021** | 58 |
| Debenture redemption reserve transferred to retained earnings during the year | (58) |
| **At 31 March 2022** | **-** |
| Debenture redemption reserve transferred to retained earnings during the period | - |
| **At 31 March 2023** | **-** |

**Nature and purpose**

Debenture redemption reserve represents amount transferred from retained earnings as per the requirements of Companies (Share capital and Debentures) Rules, 2014 (as amended).

### 16D Hedge reserve

| | |
|---|---|
| **At 1 April 2021** | - |
| Movement in hedge reserve, net of taxes (refer note 36) | (716) |
| **At 31 March 2022** | **(716)** |
| Movement in hedge reserve, net of taxes (refer note 36) | 591 |
| **At 31 March 2023** | **(125)** |

**Nature and purpose**

Entities forming part of Restricted Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the entities forming part of restricted group uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the Statement of Profit and Loss when the hedged item affects profit and loss (example: principal and interest payments).

### 16E Retained earnings

| | |
|---|---|
| **At 1 April 2021** | 120 |
| Profit for the year | 1,219 |
| Appropriation for debenture redemption reserve | 58 |
| **At 31 March 2022** | **1,397** |
| Profit for the year | (1,618) |
| Appropriation for debenture redemption reserve | - |
| **At 31 March 2023** | **(221)** |

**Nature and purpose**

Retained earnings are the profits/(loss) that the entities forming part of Restricted Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.Retained earnings is a free reserve available to the entities forming part of Restricted Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

### 16F Parent's contribution

| | |
|---|---|
| **At 1 April 2021** | **11,981** |
| **At 31 March 2022** | **11,981** |
| **At 31 March 2023** | **11,981** |

**Nature and purpose**

The Parent has carried fair value adjustment to assets and liabilities (including deferred tax recognised) in its consolidated financial statements on acquisition of entities forming part of the restricted group. These fair value adjustment to assets and liabilities (including deferred tax recognised) has been reflected in the Combined financial statements of the Restricted Group in accordance with requirement of the Guidance Note with corresponding credit being recognised as Parent’s contribution.

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(Amounts in INR millions, unless otherwise stated)

| 17 Long-term borrowings | Notes | Maturity | Non-current 31 March 2023 | Non-current 31 March 2022 | Current 31 March 2023 | Current 31 March 2022 |
|---|---|---|---|---|---|---|
| Senior secured notes | (i) | 14 July 2028 | 47,806 | 44,001 | - | - |
| Term loan from financial institutions (secured) | (ii) | 14 July 2028 | 2,749 | 2,750 | - | - |
| Liability component of preference shares (refer note 15B) | | March 2038 | 675 | - | - | - |
| **Total long-term borrowings** | | | **51,230** | **46,751** | **-** | **-** |
| Amount disclosed under the head 'Short term borrowings' (Refer note 20) | | | - | - | - | - |
| | | | **51,230** | **36,402** | **-** | **-** |

**Notes:**

**(i) Senior secured notes (secured)**

Senior secured notes are secured by way of first pari passu charge on the respective entities forming part of the Restricted Group immovable properties, movable assets, current assets, cash accruals including but not limited to current assets, receivables, book debts, cash and bank balances, loans and advances etc. present and future.

Senior secured notes shall be fully repaid through one bullet payment in July 2028

**(ii) Term loan from financial institutions (secured)**

Term loan in Indian rupees from financial institutions are secured by a first pari passu charge by way of mortgage on immovable properties, first pari passu charge by way of hypothecation of tangible moveable assets, first charge on all the current assets, intangible assets and accounts. Further secured by way of assignment of all the rights, title, interest, benefit, claims and demands under all the project agreements, letter of credit, insurance contracts and proceeds, guarantees, performance bond etc. of the respective entity forming part of the Restricted Group.

Term loan from financial institutions shall be fully repaid through one bullet payment in July 2028

**(iii)** The facility is covered by corporate guarantee of ReNew Power Private Limited, the Intermediate holding company. The guarantee shall remain valid and in force till all security is created and perfected to the satisfaction of lenders.

**(iv)** Ostro Energy Private Limited has pledged as on 31 March 2023: 361,427,052 (31 March 2022: 361,427,052) equity shares of the entities forming part of the Restricted Group in favour of security trustee on behalf of lenders.

**(v)** ReNew Power Private Limited has pledged as on 31 March 2023: 16,974,998 (31 March 2022: 16,974,998) equity shares and as on 31 March 2023: 31,125,000 (31 March 2022: 31,125,000) preference shares of the entities forming part of the Restricted Group in favour of security trustee on behalf of lenders.

(Amounts in INR millions, unless otherwise stated)

| **18 Lease liabilities** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| **Non-current** | | |
| Lease liabilities | 2 | 2 |
| **Total** | **2** | **2** |
| | | |
| **Current** | | |
| Lease liabilities | 1 | 1 |
| **Total** | **1** | **1** |

| **19 Long-Term Provisions** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Provision for decommissioning costs | 2,965 | 2,389 |
| **Total** | **2,965** | **2,389** |

| | **Provision for Decommissioning costs** |
|---|---|
| **As at 1st April 2021** | 2,759 |
| Arised during the year (refer note 4) | (520) |
| Unwinding of discount and changes in discount rate (refer note 30) | 150 |
| **As at 31st March 2022** | **2,389** |
| Arised during the year (refer note 4) | 408 |
| Unwinding of discount and changes in discount rate (refer note 30) | 168 |
| **As at 30th September 2022** | **2,965** |

| **20 Short term borrowings** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Loan from related party (unsecured) | 3,297 | 4,368 |
| Working capital demand loan | 396 | - |
| **Total** | **3,693** | **4,368** |

**Loan from related party (unsecured)**
Unsecured loan from related party is repayable on demand and carries interest at 8.00% per annum.

| **21 Trade payables** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| **Current** | | |
| Total outstanding dues to micro enterprises and small enterprises (refer note 41) | 20 | 10 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 998 | 1,135 |
| **Total** | **1,018** | **1,145** |

**Trade Payables aging schedule**

**As at 31 March 2023**

| **Particulars** | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 501 | 142 | 29 | 40 | 711 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - |

**As at 31 March 2022**

| **Particulars** | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,138 | 0 | 2 | 5 | 1,145 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - |

Note: There are no transactions with struck off companies for the year ending March 31, 2023.

(Amounts in INR millions, unless otherwise stated)

**22 Derivative instruments**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Financial liabilities at fair value through OCI** | | |
| **Non-Current** | | |
| **Cash flow hedges** | | |
| Derivative instruments | 413 | - |
| **Total** | **413** | **-** |
| **Current** | | |
| **Cash flow hedges** | | |
| Derivative instruments | **-** | **1,126** |
| **Total** | **-** | **1,126** |

**23 Other financial liabilities**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Non-Current** | | |
| **Financial liabilities at amortised cost** | | |
| Provision for operation and maintenance equalisation | 408 | 352 |
| | **408** | **352** |
| **Current** | | |
| **Financial liabilities at amortised cost** | | |
| Provision for operation and maintenance equalisation | 38 | 39 |
| Interest accrued but not due on borrowings | 1,054 | 1,298 |
| Interest accrued but not due on debentures | 11 | - |
| Capital creditors | 633 | 877 |
| **Total** | **1,736** | **2,214** |

**24 Other current liabilities**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Other payables | | |
| TDS payable | 80 | 99 |
| GST payable | 2 | 0 |
| **Total** | **82** | **99** |

(Amounts in INR millions, unless otherwise stated)

| 25 Revenue from operations | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Sale of power | 7,315 | 7,490 |
| Sale of material | 2 | - |
| **Total** | **7,317** | **7,490** |

a) The location for all of the revenue from contracts with customers is India.
b) The timing for all of the revenue from contracts with customers is over time.
c) There are no other material differences between the contracted price and revenue from contracts with customers.

| 26 Other income | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Recurring other income: | | |
| Interest income accounted at amortised cost | | |
| - on fixed deposit with banks | 68 | 35 |
| - on loan to related parties | 1,153 | 1,007 |
| - others | - | 46 |
| Interest income on income tax refund | 4 | 1 |
| Government grant | | |
| - generation based incentive | 436 | 446 |
| -tax Reimbursement | 72 | - |
| Sale of carbon credit | 21 | 143 |
| Damage claim for loss of revenue | 244 | 600 |
| Insurance claim | 83 | 12 |
| Provisions written back | 77 | - |
| Miscellaneous income | 70 | 174 |
| Unwinding of financial assets | 137 | - |
| **Total** | **2,365** | **2,464** |

| 27 Cost of raw material and components consumed | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Cost of raw material and components consumed | 2 | - |
| **Total** | **2** | **-** |

| 28 Other expenses | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Legal and professional fees | 14 | 51 |
| Corporate social responsibility | 22 | 19 |
| Travelling and conveyance | 6 | 6 |
| Rent | 0 | 0 |
| Printing and stationery | 0 | 0 |
| Management shared services | 163 | 273 |
| Rates and taxes | 5 | 4 |
| Payment to auditors | 5 | 5 |
| Insurance | 117 | 119 |
| Operation and maintenance | 892 | 874 |
| Repair and maintenance | | |
| - plant and machinery | 2 | 0 |
| - Others | 1 | 2 |
| Loss on sale of property plant and equipment | 0 | 0 |
| Guest house expenses | - | 0 |
| Security charges | 0 | 1 |
| Communication costs | 2 | 2 |
| Impairment allowance for bad and doubtful debts | 14 | 47 |
| Impairment allowance for carbon credit | 33 | 4 |
| Impairment of Inventory | 1 | - |
| Miscellaneous expenses | 2 | 6 |
| | **1,278** | **1,409** |

| Payment to auditors | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **As auditor:** | | |
| Audit fee | 5 | 5 |
| Reimbursement of expenses | 0 | 0 |
| | **5** | **5** |

(Amounts in INR millions, unless otherwise stated)

| **29 Depreciation and amortisation expense** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 4) | 1,640 | 1,651 |
| Amortisation of other intangible assets (refer note 5) | 537 | 537 |
| Depreciation of right of use assets (refer note 6) | 10 | 10 |
| **Total** | **2,187** | **2,198** |

| **30 Finance costs** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|
| Interest expense on | | |
| - Senior secured notes | 2,276 | 2,193 |
| - term loans | 255 | 416 |
| - loan from related party (refer note 33) | 283 | 355 |
| - acceptance | - | 0 |
| - debentures | - | 4 |
| - Interest on leases | 0 | 0 |
| - liability component of redeemable non-cumulative preference shares | 2 | - |
| - others | 2 | 0 |
| - working capital loan | 54 | - |
| Bank charges | 28 | 40 |
| Loss on account of modification of contractual cash flows (refer note (i) below) | 369 | - |
| Unwinding of discount on provisions | 168 | 150 |
| Unamortised ancillary borrowing cost written off* | 0 | 307 |
| Option Premium Amortised (P&L) | 713 | 686 |
| Foreign exchange loss | 3,750 | 595 |
| **Total** | **7,900** | **4,746** |

*Represents transaction cost on long term borrowings charged to Statement of Profit and Loss on account of derecognition due to repayment of loans.

**(i) Modification of contractual cash flows**

The Ministry of Power vide Gazette Notification dated June 3, 2022, notified “The Electricity (Late Payment Surcharge and Related Matters) Rules, 2022” (LPS rules). These rules provide a mechanism for settlement of outstanding dues of Generating Companies, Inter-State Transmission Licensees and Electricity Trading Licensees.

The Company's customers availing this scheme shall pay the outstanding receivables due to the Company in equated monthly instalments without interest. Accordingly, the Company has recorded the modification in terms of the contract and the resultant loss primarily due to the extended interest free credit period has been recognised as a finance cost in the statement of profit or loss.

Unwinding income on these trade receivables of INR 137 is recognised under Other income. Trade receivables outstanding of INR 1,480 as of March 31, 2023, from customers opting for EMI pursuant to LPS Rules, which are not due within the next twelve months from the end of the reporting date, are disclosed as non-current.

**31 Earnings per share (EPS)**

The Combined Financial Statement 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.

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(Amounts in INR millions, unless otherwise stated)

**34 Segment information**

The managing director of ReNew Power Private Limited takes decisions in respect of allocation of resources and assesses the performance basis the reports/ information provided by functional heads and is thus considered to be the Chief Operating Decision Maker (CODM).

The Restrcited Group discloses segment information in a manner consistent with internal reporting to group's Managing Director. The entities forming part of the Restricted Group have segments based on type of business operations. The reportable segments of Restricted Group under Ind AS are Wind Power and Solar Power which predominantly relate to generation and sale of electricity and construction activities. The entities forming part of the Restricted Group 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.

No operating segment has been aggregated to form the above reportable operating segments. Further, total assets and liabilities balances for each reportable segment are not reviewed by or provided to CODM.

| | For the year ended 31 March 2023 | | | For the year ended 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Wind Power** | **Solar Power** | **Total** | **Wind Power** | **Solar Power** | **Total** |
| Sale of power | 6,747 | 569 | 7,317 | 6,921 | 569 | 7,490 |
| **Revenues from operations** | **6,747** | **569** | **7,317** | **6,921** | **579** | **7,490** |
| Less: Inter-segment | - | - | - | - | - | - |
| **Revenues from external customers** | **6,747** | **569** | **7,317** | **6,921** | **579** | **7,490** |
| Interest income | 1,141 | 84 | 1,225 | 1,029 | 61 | 1,090 |
| Other income (other than interest income) | 1,109 | 32 | 1,141 | 1,271 | 103 | 1,374 |
| **Total income** | **8,997** | **686** | **9,683** | **9,221** | **743** | **9,954** |
| Less: Cost of raw material and components consumed | 2 | (0) | 2 | | | |
| Less: Other expenses | 1,185 | 93 | 1,278 | 1,334 | 75 | 1,409 |
| **Earning before interest, tax, depreciation and amortization (EBITDA)** | **7,811** | **593** | **8,402** | **7,887** | **668** | **8,545** |
| Less: Depreciation and amortisation expense | | | 2,187 | | | 2,198 |
| Less: Finance costs | | | 7,900 | | | 4,746 |
| **(Loss)/profit before tax** | | | **(1,685)** | | | **1,601** |

The Revenues from four major customers amounts to INR 5,883 (31 March 2022: four major customers : INR 4,028) each of which contributes more than 10% of the total revenue of the restricted Group.

**35 Commitments, liabilities and contingencies**
**(to the extent not provided for)**

**(i) Contingent liabilities**

The entities forming part of the Restricted Group have no contingent liability as on 31 March 2023 (31 March 2022: INR Nil).

**(ii) Commitments**

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

At 31 March 2023, the entities forming part of the Restricted Group have no capital commitment (net of advances). (31 March 2022: INR Nil).

**Guarantees**

The entities forming part of Restricted Group have obtained guarantees from financial institutions as a part of the bidding process for establishing renewable projects. Further,the entities forming part of Restricted Group issues irrevocable performance bank guarantees in relation to its obligation towards construction and transmission infrastructure of renewable power projects plants as required by the PPA and such outstanding guarantees are INR 957 as at 31 March 2023 (31 March 2022 : INR 957).

The terms of the PPAs provide for the delivery of a minimum quantum of electricity at fixed price.

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**Restricted Group**
**Notes to Special Purpose Combined Financial Statements for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

## 33 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

### I. Holding Company :

| Name of entity | Holding Company |
|---|---|
| Renew Wind Energy (Delhi) Private Limited | ReNew Power Private Limited |
| Renew Wind Energy (AP 2) Private Limited | ReNew Power Private Limited |
| Ostro Jaisalmer Private Limited | Ostro Energy Private Limited* |
| Ostro Urja Wind Private Limited | Ostro Energy Private Limited* |
| Ostro Madhya Wind Private Limited | Ostro Energy Private Limited* |
| Badoni Power Private Limited | Ostro Energy Private Limited* |
| AVP Powerinfra Private Limited | Ostro Energy Private Limited* |
| Ostro Anantapur Private Limited | Ostro Energy Private Limited* |
| Ostro Mahawind Private Limited | Ostro Energy Private Limited* |
| Prathamesh Solarfarms Limited | Ostro Energy Private Limited* |

*Ostro Energy Private Limited is a 100% subsidiary of Renew Power Services Private Limited and Renew Power Services Private Limited is a 100% subsidiary of ReNew Power Private Limited.

### II. Ultimate Holding Company

Renew Energy Global PLC

### III. Intermediate Holding Company

ReNew Power Services Private Limited
Renew Power Private Limited

### IV. Key management personnel (KMPs) :

Mr. Sumant Sinha, Chairman and Managing Director of ReNew Power Private Limited.

### V. Fellow subsidiaries with whom transactions occurred during the year:

ReNew Mega Solar Power Private Limited
ReNew Services Private Limited
ReNew Sol Energy (Jharkhand Five) Private Limited
ReNew Sol Energy (Jharkhand One) Private Limited
ReNew Solar Energy (TN) Private Limited
ReNew Solar Services Private Limited
ReNew Wind Energy (AP 3) Private Limited
ReNew Wind Energy (Budh 3) Private Limited
ReNew Wind Energy (Jamb) Private Limited
ReNew Wind Energy (Karnataka) Private Limited
ReNew Wind Energy (MP Two) Private Limited
ReNew Wind Energy (Orissa) Private Limited
ReNew Wind Energy (Rajasthan 2) Private Limited
ReNew Wind Energy (Rajasthan 3) Private Limited
ReNew Wind Energy (Rajasthan One) Private Limited
ReNew Wind Energy (Rajasthan) Private Limited
ReNew Wind Energy (Rajkot) Private Limited
ReNew Wind Energy (TN 2) Private Limited
ReNew Wind Energy (Varekarwadi) Private Limited
ReNew Wind Energy MP Private Limited
Shreyas Solarfarms Limited
Vivasvat Solar Energy Private Limited
Aalok Solarfarms Limited
Abha Solarfarms Limited
Abha Sunlight Private Limited
Adyah Solar Energy Private Limited
Akhilagya Solar Energy Private Limited
Auxo Solar Energy Private Limited
Heramba Renewables Limited
Izra Solar Energy Private Limited
KCT Renewable Energy Private Limited
Molagavalli Renewable Private Limited
Narmada Wind Energy Private Limited
Nokor Bhoomi Private Limited
Nokor Solar Energy Private Limited
Ostro Alpha Wind Private Limited
Ostro Bhesada Wind Private Limited
Ostro Kutch Wind Private Limited
Ostro Rann Wind Private Limited
Ostro Renewables Private Limited
Regent Climate Connect Pvt. Ltd.
ReNew  Solar Energy (Rajasthan) Private Limited
ReNew  Solar Energy (Telangana) Private Limited
ReNew  Solar Power Private Limited

### a) Details of transactions with Intermediate Holding Company:

| | ReNew Power Private Limited | |
|---|---|---|
| **Particulars** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
| Unsecured loan given | 4,525 | 2,889 |
| Unsecured loan received | 1 | 6,356 |
| Unsecured loan repaid | 817 | 7,243 |
| Unsecured loan received back | 6 | 716 |
| Expenses incurred behalf of companies | - | 16 |
| Expenses incurred on belhalf of Intermediate holding company | 30 | - |
| Expenses incurred on behalf of related party | - | 15 |
| Consumables Sales | 1 | - |
| Purchase of services# (Management shared services)* | 87 | - |
| Interest Income on unsecured loan | 854 | 723 |
| Interest expense on unsecured loan | 265 | 338 |

*** Purchase of services include provision during the year**

(Amounts in INR millions, unless otherwise stated)

**b) Details of outstanding balances with Intermediate Holding Company:**

| Particulars | ReNew Power Private Limited As at 31 March 2023 | ReNew Power Private Limited As at 31 March 2022 |
|---|---|---|
| Unsecured loan receivable | 13,084 | 8,565 |
| Unsecured loan payable | 3,137 | 3,954 |
| Trade payables* | 170 | 144 |
| Capital creditor | 5 | 5 |
| Interest income accrued on unsecured loan | 2,407 | 1,601 |
| Recoverable from related party | 13 | 2 |
| Interest expense Payable on unsecured loan | 543 | 458 |

*** Trade payables include provision during the year**

**c) Details of transactions with Intermediate Holding Company:**

| Particulars | Renew Power Services Private Limited For the year ended 31 March 2023 | Renew Power Services Private Limited For the year ended 31 March 2022 |
|---|---|---|
| Expenses incurred behalf of companies | - | 0 |
| Expenses incurred on belhalf of Intermediate holding company | - | - |
| Consumable Purchases | - | - |
| Operation & Maintenance Services* | - | - |

* Operation & Maintenance Services include provision during the year

**d) Details of outstanding balances with Intermediate Holding Company:**

| Particulars | Renew Power Services Private Limited As at 31 March 2023 | Renew Power Services Private Limited As at 31 March 2022 |
|---|---|---|
| Trade payables | 1 | 54 |
| Capital creditor | 0 | 0 |

**e) Details of transactions with Holding Company:**

| Particulars | Ostro Energy private Limited For the year ended 31 March 2023 | Ostro Energy private Limited For the year ended 31 March 2022 |
|---|---|---|
| Unsecured loan received | 118 | 2,754 |
| Unsecured loan repaid | 255 | 3,150 |
| Unsecured loan given | 118 | - |
| Expenses incurred on belhalf of holding company | 0 | - |
| Expenses incurred on behalf of related party | - | 0 |
| Purchase of services# (Management shared services)* | 162 | 3 |
| Interest Income on unsecured loan | 11 | 9 |
| Interest expense on unsecured loan | 14 | 39 |

* Purchase of services include provision during the year

**f) Details of outstanding balances with Holding Company:**

| Particulars | Ostro Energy private Limited As at 31 March 2023 | Ostro Energy private Limited As at 31 March 2022 |
|---|---|---|
| Unsecured loan receivable | 118 | 118 |
| Unsecured loan payable | 135 | 390 |
| Trade payables* | 246 | 55 |
| Interest expense Payable on unsecured loan | 41 | 404 |
| Interest income receivable on unsecured loan | 38 | 28 |

* Trade payables include provision during the year

**g) Details of transactions with fellow subsidiaries:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Unsecured loan given | - | 84 |
| Repayment of unsecured loan | - | 95 |
| Expenses incurred on belhalf of fellow subsidiaries | 12 | 11 |
| Expenses incurred on behalf of the group by related party | 92 | 0 |
| Consumables Sales | 2 | 3 |
| Consumable Purchases | 2 | 1 |
| Carbon Credit Sales | - | 107 |
| Operation & Maintenance Services | 432 | 263 |
| Operation & Maintenance Payment | - | 248 |
| Reimbursement of expenses | - | - |
| Purchase of Services# (management shared service) | 1 | 1 |
| Interest Income on unsecured loan | 286 | - |
| Interest expense on unsecured loan | 2 | 2 |

(Amounts in INR millions, unless otherwise stated)

**h) Details of outstanding balances with fellow subsidiaries:**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Unsecured loan receivable | 3,569 | 3,569 |
| Unsecured loan payable | 25 | 25 |
| Trade payables | 207 | 154 |
| Interest income accrued on unsecured loan | 1,057 | - |
| Interest expense Payable on unsecured loan | 7 | 5 |
| Recoverable from related parties | 313 | 237 |

**i) Compensation of key management personnel**

Remuneration to the key managerial personnel is paid by The Intermediate Holding Company of the companies in the group and is allocated between the subsidiary companies as management shared services and is not separately identifiable.

**j)** The facility is covered by corporate guarantee of ReNew Power Private Limited, the Intermediate holding company. The guarantee shall remain valid and in force till all security is created and perfected to the satisfaction of lenders.

**k)** Ostro Energy Private Limited has pledged as on 31 March 2023: 361,427,052 (31 March 2022: 361,427,052) equity shares of the entities forming part of the Restricted Group in favour of security trustee on behalf of lenders.

**l)** ReNew Power Private Limited has pledged as on 31 March 2023: 16,974,998 (31 March 2022: 16,974,998) equity shares and as on 31 March 2023: 31,125,000 (31 March 2022: 31,125,000) preference shares of the entities forming part of the Restricted Group in favour of security trustee on behalf of lenders.

**m)** During the current year, the Companies formaing part of Restricted Group has raised funds through issuance of senior secured notes (the "Issue"). These bonds have been issued based on the collective net worth of all the ten entities forming part of the Restricted Group and further all these entities have jointly and severally guaranteed the Issue. The Company and certain other fellow subsidiaries 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.

Following entities form part of the Restricted Group
Renew Wind Energy (Delhi) Private Limited
Ostro Madhya Wind Private Limited
Ostro Anantapur Private Limited
Prathamesh Solarfarms Limited
Ostro Urja Wind Private Limited
AVP Powerinfra Private Limited
Ostro Mahawind Private Limited
Badoni Power Private Limited
Ostro Jaisalmer Private Limited
Renew Wind Energy (AP 2) Private Limited

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(Amounts in INR millions, unless otherwise stated)

## 36 Hedging activities and derivatives

**Derivatives designated as hedging instruments**

The Restricted Group uses certain types of derivative financial instruments (viz. forwards contracts, swaps, call options and call spreads) to manage / mitigate its exposure to foreign exchange and interest risk. Further, the Restricted Group designates such derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation and interest risk attributable to either a recognised item or a highly probable forecast transaction ('Cash flow hedge').

The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in the other comprehensive income and held in hedge reserve - a component of equity. Any gains / (losses) relating to the ineffective portion, are recognised immediately in the statement of profit or loss within other income / other expenses. The amounts accumulated in equity for highly probable forecast transaction are added to carrying value of non financial asset or non financial liability as basis adjustment, other amounts accumulated in equity are re-classified to the statement of profit or loss in the years when the hedged item affects profit or loss.

At any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains / (losses) that were reported in equity is immediately transferred to the statement of profit or loss.

**Cash flow hedges**

Hedge has been taken against exposure to foreign currency risk and variable interest outflow on Senior secured notes. Terms of the swaps and their respective impact on OCI and Statement of Profit and Loss is as below:-

Pay fixed INR and receive USD and pay fixed interest at 4.91% to 4.93% p.a. and receive a fixed interest at 4.50 p.a. on the notional amount.

The cash flow hedges through COS of USD 585,000,000 (31 March 2022 : 585,000,000) and call option of USD 585,000,000 (31 March 2022 : 585,000,000) outstanding at the year ended 31 March 2023 were assessed to be highly effective and cumulative impact of mark to market gain is INR 99 (31 March 2022: 58) with a deferred tax liability of 25 (31 March 2022: 242) is included in OCI.

***Foreign currency and Interest rate risk***

Cross currency interest rate swaps and call options measured at fair value through OCI are designated as hedging instruments in cash flow hedges of interest and principal payments in USD.

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Cross currency interest rate swaps and call options designated as hedging instruments | 115 | 413 | - | 1,126 |

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Hedging reserve movement (A)** | | |
| **Balance at the beginning of the year** | **(43)** | **-** |
| Gain/(loss) recognised on cash flow hedges | 191 | (192) |
| Gain/(loss) reclassified to profit and loss | (34) | 134 |
| Income tax relating to gain/loss recognized on cash flow hedges | (40) | 15 |
| **Balance at the end** | 74 | **(43)** |
| **Cost of Hedging (B)** | | |
| **Balance at the beginning of the year** | (673) | - |
| Effective portion of changes in fair value | (78) | (1,587) |
| Amount reclassified to profit or loss | 714 | 686 |
| Tax effect | (161) | 228 |
| **Balance at the end** | (198) | (673) |
| **Total Hedge reserve movement (a+b)** | | |
| **Balance at the beginning** | (716) | - |
| OCI for the year | 592 | (716) |
| **Closing balance** | **(124)** | **(716)** |

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(Amounts in INR millions, unless otherwise stated)

**37 Fair values**

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the entities forming part of the Restricted Group:

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| **Financial assets** | | | | |
| **Measured at amortised cost** | | | | |
| Security deposits | 4 | 4 | 4 | 4 |
| Bank deposits with remaining maturity for more than twelve months | 0 | - | 0 | - |
| Trade receivables | 3,988 | 3,988 | 4,525 | 4,525 |
| Cash and cash equivalent | 897 | 897 | 828 | 828 |
| Bank balances other than cash and cash equivalent | 1,102 | 1,102 | 632 | 632 |
| Loans-current | 16,771 | 16,771 | 10,598 | 10,598 |
| Other current financial assets | 3,952 | 3,952 | 1,850 | 1,850 |
| **Measured at FVTPL** | | | | |
| Investments-non current, unquoted equity shares of fellow subsidiary | 814 | 814 | 730 | 730 |
| **Financial liabilities** | | | | |
| **Measured at amortised cost** | | | | |
| Lease Liabilities | 3 | 3 | 2 | 2 |
| Non Convertible Debentures | - | - | 1,020 | 1,034 |
| Senior secured notes | 47,806 | 40,263 | 44,001 | 44,001 |
| Term loan in Indian rupees from bank | - | - | 9,713 | 10,406 |
| Term loan in Indian rupees from financial institutions | 2,749 | 2,646 | 2,750 | 2,750 |
| O&M equalisation reserve | 408 | 408 | - | - |
| Short-term borrowings | 3,693 | 3,693 | 5,608 | 5,608 |
| Trade payables | 998 | 998 | 1,162 | 1,162 |
| Other current financial liabilities (excluding current maturities of borrowings) | 1,736 | 1,736 | 5,765 | 5,765 |
| **Financial liabilities designated as a hedge instrument at fair value** | | | | |
| Derivative instruments - hedge instruments | 528 | 528 | 1,126 | 1,126 |

The management of the entities forming part of the Restricted Group assessed that cash and cash equivalents, bank balances other than cash and cash equivalent, loans-current, trade receivables, short-term borrowings, 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 entities forming part of the Restricted Group's wenior secured notes and financial institutions including current maturities are re determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate (prevailing interest rate in the market) as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk. The own non-performance risk as at March 31, 2022 and 2021 was assessed to be insignificant.

**ii** Fair values of the bank deposits given are determined by using DCF method using discount rate that reflects the lending rate (prevailing interest rate in the market) as at the end of the reporting period.

**iii** The entities forming part of the Restricted Group enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Cross currency interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The models incorporate various fair value level 2 inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the currency, interest rate curves and forward rate curves of the underlying instrument. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

**38 Fair value hierarchy**

The entities forming part of the Restricted Group categorize 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:
• 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 assets and liabilities that are recognised at fair value 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. There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

There were no material transfers between Level 1 and Level 2 fair value measurements, and no material transfers into or out of Level 3 fair value measurements during the year ended March 31, 2022 and 2021. There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

The following table provides the fair value measurement hierarchy of the assets and liabilities of the entities forming part of the Restricted Group :-

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

| | Level of fair value measurement | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|---|
| | | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| **Financial liabilities designated as a hedge instrument at fair value** | | | | | |
| Derivative instruments - hedge instruments | Level 2 | 528 | 528 | 1,126 | 1,126 |
| **Total** | | **528** | **528** | **1,126** | **1,126** |

| **Particulars** | **Fair value hierarchy** | **Valuation technique** | **Inputs used** |
|---|---|---|---|
| **Financial liabilities designated as a hedge instrument at fair value** | | | |
| Derivative instruments - hedge instruments | Level 2 | Market value techniques | Forward foreign currency exchange rates, interest rates to discount future cash flows |

(Amounts in INR millions, unless otherwise stated)

**39 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 and 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, deposits and borrowings.

The sensitivity analyses in the following sections relate to the position as at 31 March 2023. 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 debts are all constan as at 31 March 2023.

**Interest rate risk**

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

**Interest rate sensitivity**

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

| | **31-Mar-23** | | **31-Mar-22** | |
|---|---|---|---|---|
| | **Increase/decrease in basis points** | **Effect on profit before tax** | **Increase/decrease in basis points** | **Effect on profit before tax** |
| INR | +/(-)50 | (-)/+ 13 | +/(-)50 | (-)/+ 13 |

**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 entities forming part of the Restricted Group is exposed to credit risk from their operating activities (primarily trader 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 entities forming part of 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 statement of financial position at 31 March 2022 and 31 March 2021 is the carrying amount of all the financial assets.

**Trade receivables**

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

The credit quality of the customers is evaluated based on their credit ratings and other publicly available data.

The Restricted Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Restricted Group's trade receivables using a provision matrix:

**As at 31 March 2023**

| | **Trade receivables (days past due)** | | | | | |
|---|---|---|---|---|---|---|
| | **0 - 6 months** | **6 -12 months** | **1 -2 years** | **2 -3 years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables – considered good | 485 | 1,565 | 585 | 61,475 | | 4,432 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | | | | | - |
| (iii) Undisputed Trade Receivables – credit impaired | | | | | | - |
| (iv) Disputed Trade Receivables– considered good | | | | | | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | | | | | - |
| (vi) Disputed Trade Receivables – credit impaired | | | | | | - |
| (vii) Unbilled dues | | | | | | 511 |
| **Total** | **485** | **1,565** | **585** | **61,475** | **0** | **4,943** |
| Expected credit loss | | | | | | |

**As at 31 March 2022**

| | **Trade receivables (days past due)** | | | | | |
|---|---|---|---|---|---|---|
| | **0 - 6 months** | **6 -12 months** | **12 -18 months** | **> 18 months** | **> 36 months** | **Total** |
| (i) Undisputed Trade receivables – considered good | 1,683 | 2,286 | 134 | 0 | 0 | 4,103 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables– considered good | 0 | 152 | 355 | 391 | 390 | 1,288 |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| (vii) Unbilled dues | 545 | - | - | - | - | 545 |
| **Total** | **2,228** | **2,438** | **489** | **392** | - | **5,937** |
| **Expected credit loss** | 25 | 40 | 20 | 11 | 7 | 102 |

**Other financial assets**

Credit risk from other financial assets including loans is managed basis established policies of Company, procedures and controls relating to customer credit risk management. Outstanding receivables are regularly monitored. The Company does not hold collateral as security.

**Financial instruments and credit risk**

Credit risk from balances with banks is managed by company's treasury department. Investments, in the form of fixed deposits, loans and other investments, of surplus funds are made only with banks & group companies and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis by the Restricted Group, and may be updated throughout the year subject to approval of company'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.

(Amounts in INR millions, unless otherwise stated)

**Liquidity risk**

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

The entities forming part of the Restricted Group 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 and solar 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. 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 2023 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| **Borrowings** | | | | | | |
| Senior secured notes* | - | - | - | 7,899 | 48,989 | 56,887 |
| Loans from Financial Institutions* | - | - | - | 1,002 | 2,822 | 3,825 |
| **Short term borrowings** | | | | | | |
| Current maturities of long term borrowings* | - | 62 | 2,162 | - | - | 2,224 |
| Loan from related party | | | | | | - |
| Lease liabilities | | 1 | 0 | 1 | 1 | 3 |
| **Other financial liabilities** | | | | | | |
| Interest accrued but not due on borrowings | 602 | - | 463 | - | - | 1,065 |
| Capital creditors | 5 | 628 | - | - | - | 633 |
| Trades payable | 624 | 394 | - | - | - | 1,018 |

* Including future interest payments.

The entities forming part of the 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 2022 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| **Borrowings** | | | | | | |
| Senior secured notes* | - | - | - | 491 | 46,888 | 47,379 |
| Term loan from financial institutions* | - | - | - | 1,134 | 3,116 | 4,249 |
| **Short term borrowings** | | | | | | - |
| Current maturities of long term borrowings* | - | 561 | 1,691 | - | - | 2,252 |
| Loans from related party | 4,368 | - | - | - | - | 4,368 |
| Lease liabilities | - | 0 | 0 | 1 | 4 | 5 |
| **Other financial liabilities** | | | | | | - |
| Interest accrued but not due on borrowings | 883 | - | 428 | - | - | 1,311 |
| Capital creditors | 5 | 628 | - | - | - | 633 |
| Trade payable | 407 | 592 | - | - | - | 1,000 |

* Including future interest payments.

The entities forming part of the 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.

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(Amounts in INR millions, unless otherwise stated)

**40 Capital management**

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

The entities forming part of the Restricted Group manage their capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants.

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

The policy of the respective entities forming part of 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.This is in line with the industry standard ratio. The current gearing ratios of the various projects in the respective entities forming part of the Restricted Group is between 3:1 to 4:1.

In order to achieve this overall objective, the capital management by the respective entities forming part of 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 year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023.

**41 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 2023 | As at 31 March 2022 |
|---|---|---|
| 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 | 20 | 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 year 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. | 0 | 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 |

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**42 Significant accounting judgments, estimates and assumptions**

The preparation of Combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. 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 judgments, 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 Group based its assumptions and estimates on parameters available when the combined financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond control of the Restricted Group. Such changes are reflected in assumptions when they occur.

**B) Estimates and assumptions:**

**Impairment of goodwill**

The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 5.

**Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating etc.). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

**43** There are no employees on the rolls of the entities forming part of the Restricted Group and therefore there are no employee benefit expenses accrued in the Combined Financial Statements. ReNew Power Private Limited and ReNew Power Services Private Limited have charged certain common expenses to its subsidiary companies and fellow subsidiaries respectively on the basis of its best estimate of expenses incurred. ReNew Power Private Limited and ReNew Power Services Private Limited have recovered the said expenses in the form of 'Management Shared Services'. The management believes that the method adopted by the these companies is most appropriate basis for recovering of such common expenses.

**44** Ostro Ananthapur Private Limited (AP entity) has entered into long-term PPAs having a cumulative capacity of 100 MWs (wind energy projects) with Southern Power Distribution Company of Andhra Pradesh Limited i.e. the distribution company of Andhra Pradesh (APDISCOM). These PPAs have a fixed rate per unit of electricity for the 25-year term. With regard to aforementioned PPAs, certain litigations as described below are currently underway:

**a.** In terms of the Generation Based Incentive (GBI) scheme of the Ministry of Renewable Energy (MNRE), the AP entity accrue income based on units of power supplied under the aforementioned PPAs. Andhra Pradesh Electricity Regulatory Commission (APERC) vide its order in July 2018 allowed APDISCOMS to interpret the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination for Wind Power Projects) Regulations, 2015 (Regulations) in a manner to treat GBI as a pass through in the tariff.
The AP entity filed writ petition before the Andhra Pradesh High Court (AP High Court) challenging the vires of the regulation and the order by APERC and were granted an interim stay order in August 2018. As at March 31, 2022 and 2021, the cumulative amount recoverable from the APDISCOM pertaining to period from February 2017 till July 2018, included in trade receivables amounts to INR 153 million. The AP entity have filed an interim application in AP High Court seeking payment of amount wrongfully deducted by the APDISCOM

The management basis legal opinion obtained by it, believes that the GBI benefit is over and above the applicable tariffs and the APERC does not have jurisdiction to interfere with the intent of GBI scheme and therefore the outstanding amount is recoverable and hence no adjustment has been made in the combined financial statements in this regard

**b.** The Government of Andhra Pradesh (GoAP) issued an order (GO) dated July 1, 2019 constituting a High-Level Negotiation Committee (HLNC) for review and negotiation of tariff for wind and solar energy projects in the state of Andhra Pradesh. Pursuant to the GO, APDISCOM issued letters dated July 11, 2019 and July 12, 2019 to the AP entities, requesting for revision of tariffs entered into in PPAs. The AP entities filed a writ petition on July 23, 2019 before the AP High Court challenging the GO and the said letters issued by APDISCOM for renegotiation of tariffs. The AP High Court issued its order dated September 24, 2019 enumerating the following:

i. Writ petition is allowed, and both GO and the subsequent letters are set aside.

ii. Further, APDISCOM were instructed to honour pending and future bills and pay the same at the interim rate of INR 2.43 per unit till determination of O.P. No. 17 of 2018 pending before APERC

iii. APERC to dispose-off the case within a time frame of six months

APDISCOM has also filed a Special Leave Petition (SLP) in the Supreme Court in October 2020 against the Judgment and order dated December 19, 2019 in I.A. No. 9 of 2019 in W.P. No. 9876 of 2019 of another power generating company in the industry, which modified the Order dated September 24, 2019, passed by Single Judge of AP High Court and directed APDISCOM to make payments at the rate mentioned in PPAs. The AP Entities through its Holding Company, ReNew Power Private Limited, has filed an impleadment application in the SLP apprehending that any order or observation of the Supreme Court may have an adverse impact on the Order dated September 24, 2019 and W.A. No. 6 of 2020 and batch pending before Division Bench of the AP High Court.

APDISCOM was directed in order dated October 1, 2021 to pay 50% amount of the outstanding invoices raised till June 30, 2021. APDISCOM did not comply with this order. Thereafter, the next appeal was heard on November 8, 2021 where APDISCOM was given three more weeks to make the said payment. In subsequent hearing held on December 8, 2021, the AP High Court noted that payments have been made upto May 2021 and APDISCOM had sought some more time for payment of the remaining amounts at the interim rate. The AP High Court had directed APDISCOM to make the payments for June 2021 by December 29, 2021 and was asked to file an affidavit with payment schedule for payments for the third and fourth quarter of 2021. The payments so directed by the AP High Court were received in December 2021. Thereafter, by its common final order dated March 15, 2022, the AP High Court allowed the appeals by AP entities and set aside the Order dated September 2e4, 2019, holding that APERC does not have the jurisdiction to entertain Original Petition (O.P.) No. 17 of 2018 and directing APDISCOM to pay all outstanding amounts to AP Entities within a period of 6 weeks. Thereafter, APDISCOM has filed an application before the AP High Court seeking extension of the period of 6 weeks granted for time for payment of all outstanding amounts.

AP entities have total outstanding receivables of INR 1,759 as at March 31, 2022 (March 31, 2021: INR 1,414) from sale of electricity against such PPAs [including an amount of INR 153 for GBI receivable as explained in part (a) to the note], which was the subject matter of dispute.

In view of the favourable order by the AP High Court and basis legal opinions obtained by the Company, management is confident of recovery of entire outstanding amount and no adjustment is required in the Combined financial statements

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**Restricted Group**
**Notes to Special Purpose Combined Financial Statements for the year ended 31 March 2023**
(Amounts in INR millions, unless otherwise stated)

**45** Absolute amounts less than INR 500,000 are appearing in the Combined Financial Statements as "0" due to presentation in millions.

**Ratio Analysis and its elements**

| Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % change | Reason for Variance |
|---|---|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 3.70 | 2.64 | 40% | Reduction in short term borrowing and capital creditors |
| Debt-Equity Ratio | Total Debt | Shareholder's Equity | 4.31 | 3.62 | 19% | Reduction in shareholders equity due to split accounting in current year in ORCPS |
| Debt Service Coverage Ratio | Earning for debt Service=Net Profit after taxes +non cash operating expenses+interest | Debt Service=Interest & lease payment +Principle repayments | 2.75 | 2.49 | 10% | No major changes |
| Return on Equity Ratio | Net Profit after taxes -preference dividend | Average shareholder equity | (0.12) | 0.17 | -170% | Reduction in shareholders equity due to split accounting in current year in ORCPS |
| Trade Recievables Turnover Ratio | Net Credit Sales=Gross Credit sales-sales return | Average Trade Recievables | 1.47 | 1.42 | 3% | No major changes |
| Net Capital Turnover Ratio | Net Sales= Total Sales-sales return | Working Capital=Current assets - Current liabilties | 0.40 | 0.51 | -22% | Reduction in liabilities majorly in short term borrowing and capital creditors |
| Net Profit Ratio | Net Profit | Net Sales= Total Sales -Sales Return | (0.22) | (0.10) | 121% | Reduction in Net profit |
| Return on Capital employed | Earnings before interest and taxes | Capital employed=Tangible net worth+Total Debt+deferred tax liability | 0.01 | 0.06 | -75% | Reduction in Net profit |
| Return on Investment | Interest (finance Income) | Investment | N.A. | N.A. | N.A. | No major changes |

As per our report of even date

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

**per Naman Agarwal**
Partner
Membership No.: 502405
Place: Gurugram
Date:

**For and on behalf of the Restricted Group**

**Sumant Sinha**
(Chairman & Managing Di
DIN- 00972012
Place: Gurugram
Date:

**Kedar Upadhye**
(Chief Financial Officer)
Place: Gurugram
Date:

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