

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Renewables Subsidiary Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Aditya Birla Renewables Subsidiary Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing ("SAs"), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Directors' Report, but does not include the Ind AS financial statements and our Auditors' Report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



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- (g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Vijay Manna
Partner
Membership Number: 36738
Place of Signature: Mumbai
Date: 10 May 2019



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Annexure 1 referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company, for which title deeds are required, and accordingly, the requirements under paragraph 3(I)(c) of the Order are not applicable to the Company.
- (II) The Company's business does not involve inventories and, accordingly, the provisions of clause 3(II) of the Order are not applicable to the Company.
- (III) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(III)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to provident fund, employees' state insurance, sales-tax, service tax, duty of custom, duty of excise and value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, employees' state insurance, sales-tax, service tax, duty of custom, duty of excise and value added tax are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, duty of custom and cess which have not been deposited on account of any dispute.



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The provisions relating to sales-tax, service tax, duty of excise and value added tax are not applicable to the Company.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks. The Company has not issued any debentures.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer/debt instrument. In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.



S R B C & CO LLP

Chartered Accountants

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(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Vijay Maniar
Partner
Membership Number: 36738
Place of Signature: Mumbai
Date: 10 May 2019



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Annexure 2 referred to in Paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under Clause (I) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aditya Birla Renewables Subsidiary Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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



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Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting Issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Vijay Meniar
Partner

Membership Number: 36738
Place of Signature: Mumbai
Date: 10 May 2019



(in Rs.)

Particulars	Notes	As at 31 March 2019
Assets		
Non current assets		
Property, plant and equipment	3	1,09,41,56,626
Capital work in progress	3	1,10,625
Non current tax assets (net)	4	20,94,163
Other non current assets	5	2,10,300
		1,09,65,71,714
Current assets		
Financial assets		
Trade receivables	6	-
Cash and cash equivalents	7	2,23,38,855
Bank balances other than cash and cash equivalents	8	2,58,00,000
Other financial assets	9	1,33,57,047
Other current assets	10	6,11,836
		6,21,07,738
Total assets		1,15,86,79,452
Equity and liabilities		
Equity		
Equity share capital	11	22,10,00,000
Other equity	12	50,02,313
Total equity		22,60,02,313
Liabilities		
Non current liabilities		
Financial liabilities		
Borrowings	13	87,38,76,716
Deferred tax liabilities (net)	14	31,40,199
		87,70,16,915
Current liabilities		
Financial liabilities		
Trade payables	15	-
Total outstanding dues of micro and small enterprises		-
Total outstanding dues of creditors other than micro and small enterprises		6,38,983
Other financial liabilities	16	5,48,91,461
Other current liabilities	17	1,29,780
		5,56,60,224
Total liabilities		93,26,77,139
Total equity and liabilities		1,15,86,79,452

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements.

As per our report attached of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

Per: 
Partner
Membership No.: 36738
Place: Mumbai
Date: 10 May 2019



For and on behalf of the Board of Directors of
Aditya Birla Renewables Subsidiary Limited


Pavan K. Jain
Managing Director
DIN: 00703624


V. Chandrasekaran
Independent Director
DIN: 03126243


Mahendra Bhandari
Chief Financial Officer

Place: Mumbai
Date: 10 May 2019


Shweta Mayekar
Company Secretary
Membership No: ACS 23786



Aditya Birla Renewables Subsidiary Limited
CIN: U40108MH2018PLC309087
Statement of Profit and Loss for the period ended 31 March 2019
(in Rs.)

Particulars	Notes	For the period 08 May 2018 to 31 March 2019
Income		
Revenue from operations	18	5,26,05,174
Other income	19	15,20,512
Total income		5,41,25,686
Expenses		
Operation and maintenance expenses		25,41,671
Depreciation expenses	3	1,50,89,580
Finance costs	20	2,21,91,283
Rates and taxes	21	26,19,522
Other expenses	22	14,30,282
Total expenses		4,18,72,338
Profit for the period before tax		1,02,53,348
Tax expenses		
Current tax		21,10,836
MAT credit entitlement	14	(21,10,836)
Deferred tax	14	52,51,035
Total tax expenses		52,51,035
Profit for the period after tax		50,02,313
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Total comprehensive income for the period		50,02,313
Earnings per equity share of Rs. 10 each		
Basic and diluted	23	0.34

Summary of significant accounting policies
2

The accompanying notes are an integral part of these financial statements.

As per our report attached of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003


Per Vijay Maniar
 Partner
 Membership No.: 36738
 Place: Mumbai
 Date: 10 May 2019


**For and on behalf of the Board of Directors of
Aditya Birla Renewables Subsidiary Limited**


Pavan K. Jain
 Managing Director
 DIN: 00703624


V. Chandrasekaran
 Independent Director
 DIN: 03126243


Mahendra Bhandari
 Chief Financial Officer

Place: Mumbai
 Date: 10 May 2019


Shweta Mayekar
 Company Secretary
 Membership No: ACS 23786



Aditya Birla Renewables Subsidiary Limited
CIN: U40106MH2018PLC309087
Cash Flow Statement for the period ended 31 March 2019

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Cash flow from operating activities	
Profit for the period before tax as per the statement of profit and loss	1,02,53,348
Adjustments for:	
Depreciation expenses	1,50,89,580
Finance costs	2,21,90,280
Interest income	(14,62,476)
Stamp duty on issue of shares	25,94,405
Operating profit before working capital changes	4,86,65,137
Working capital adjustments	
(Increase) in other financial current assets	(2,01,21,201)
Increase in trade payables	6,38,983
Increase in other financial liabilities and current liabilities	4,80,780
Cash generated from operating activities	2,96,63,699
Income taxes paid	(4,04,997)
Cash generated from operating activities	2,54,58,700
Cash flow from investing activities	
Purchase of tangible assets including capital work in progress	(1,07,43,21,151)
Interest received	13,66,306
Investment in fixed deposit	(3,66,00,000)
Receipt on maturity of fixed deposit	1,08,00,000
Cash used in investing activities	(1,09,87,54,645)
Cash flow from financing activities	
Proceeds from issue of equity shares	22,10,00,000
Proceeds from borrowings	88,01,25,004
Proceeds from inter corporate loan	15,75,00,000
Repayment of inter corporate loan	(15,75,00,000)
Payment of stamp duty on issue of shares	(25,94,405)
Interest paid and bank charges	(8,95,799)
Cash generated from financing activities	1,09,56,34,800
Net increase in cash and cash equivalents	2,23,38,855
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents (note 7)	2,23,38,855

For the purpose of cash flow statement, cash and cash equivalents comprise the following:

Particulars	As at 31 March 2019
Balance with banks	
On current accounts	15,38,855
Fixed deposits with original maturity of less than three months	2,08,00,000
Total	2,23,38,855

Note: Cash flow statement has been prepared under indirect method set out in Ind AS 7, prescribed under Companies Act (Indian Accounting Standard Rules, 2015 of the Companies Act, 2013)

Summary of significant accounting policies (note 2)

The accompanying notes are an integral part of these financial statements.

As per our report attached of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

Per Vijay Mamtar

Partner

Membership No.: 36738

Place: Mumbai

Date: 10 May 2019




**For and on behalf of the Board of Directors of
Aditya Birla Renewables Subsidiary Limited**


Pavan K. Jais
Managing Director
DIN: 00703624


V. Chandrasekaran
Independent Director
DIN: 03126243


Mahendra Bhandari
Chief Financial Officer


Shweta Mayekar
Company Secretary
Membership No: ACS 23786

Place: Mumbai
Date: 10 May 2019



Aditya Birla Renewables Subsidiary Limited

CIN: U40108MH2018PLC309087

Statement of Changes in Equity for the period ended 31 March 2019**A) Equity share capital**

Particulars	No. of shares	Amount (In Rs.)
Equity shares of Rs. 10 each issued, subscribed and fully paid As at 08 May 2018	-	-
Issue of equity share capital (note 11)	2,21,00,000	22,10,00,000
As at 31 March 2019	2,21,00,000	22,10,00,000

B) Other equity

(In Rs.)

Particulars	For the period ended 31 March 2019
Profit for the period (note 12)	50,02,313
Closing balance	50,02,313

Summary of significant accounting policies (note 2)

The accompanying notes are an integral part of these financial statements.

As per our report attached of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

Per Vijay Maniar
Partner

Membership No.: 36738

Place: Mumbai

Date: 10 May 2019

**For and on behalf of the Board of Directors of
Aditya Birla Renewables Subsidiary Limited**
Pavan K. Jain
Managing Director
DIN: 00703624
V. Chandrasekaran
Independent Director
DIN: 03126243
Mahendra Bhandari
Chief Financial OfficerPlace: Mumbai
Date: 10 May 2019
Shweta Mayekar
Company Secretary
Membership No: ACS 23786

1. Corporate information

Aditya Birla Renewables Subsidiary Limited ('the Company') is a public Company incorporated on 08 May 2018 and domiciled in India having its registered office located at A-4, Aditya Birla Centre, S K Ahire Marg, Worli, Mumbai-400 030, Maharashtra, India. Its Holding Company is Aditya Birla Renewables Limited with 74% shareholding and Hindalco Industries Limited is an associate of the Company with 26% shareholding.

The primary business of the Company is to generate and supply solar power to Hindalco Industries Limited for captive consumption.

The financial statements were authorized for issue in accordance with a resolution of the directors on 10 May 2019.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable.

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value which approximates the amortized cost.

The financial statements are presented in Indian Rupees ('Rs'), which is also the Company's functional currency.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification as per the requirements of Schedule III to the Companies Act, 2013.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is 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 and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the development/acquisition of assets for power generation and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



b. Foreign currencies

Transactions and balances

Transactions in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

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).

c. Revenue from contract with customer

The Company is in the business of supply of power to its customer. Revenue from contracts with customer is recognized when solar power generated is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods.

The specific recognition criteria described below must also be met before revenue is recognized.

(i) Revenue from sale of solar power

Revenue from sale of power is recognised net of estimated rebates and other similar allowances when the units of electricity is delivered.

Revenue from such contracts is recognised over time for each unit of electricity delivered at the pre-determined rate as the customer simultaneously receives and consumes the benefits of the Company's performance obligation, as it best depicts the value to the customer and complete satisfaction of performance obligation. Accordingly, the Company recognizes revenue for the amount it has the right to invoice (i.e., on an as-invoiced basis) since the amount corresponds to the value it transfers to the customer.

The customer is billed on a monthly basis and is given credit period of 7 to 15 days for payment.

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 Company 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.

(b) Trade receivables

A receivable represents the Company's unconditional right to an amount of consideration (i.e., only the passage of time is required before payment of the consideration is due).

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

(ii) Interest income

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable. Interest income on fixed deposit receipts is included in other income in the statement of profit and loss.

d. Taxes

Tax expense comprises of current tax and deferred tax charge or credit.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current income tax, relating to items recognised outside profit or loss, is recognised outside profit or loss in other comprehensive income (OCI). Current tax items are recognised in correlation to the underlying transaction in other comprehensive income. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

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.

Tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in the statement of profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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 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 and 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 recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and 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.

e. Property, plant and equipment (PPE)

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the statement of profit and loss during the period in which they are incurred.

An item of PPE is de-recognised upon disposal or replacement or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or replacement or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

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

- Plant and equipment: 30 years
- Building: 30 years

The Company, based on technical assessment made by management estimate, depreciates plant and equipment and building over estimated useful lives, which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Capital work in progress includes cost of property, plant and equipment under installation/development as at the reporting date and is stated at cost, net of accumulated impairment loss, if any.

f. 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 are capitalized as part of the cost of the asset. All other expenses pertaining to borrowing obligations are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

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



A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments/rent. Lease payments/rent are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they directly attributable to qualifying assets, in which they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Company as a lessee

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

h. Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are possible but not probable obligations as on reporting date, based on the available evidence. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

i. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement of financial assets and financial liabilities

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.



Financial Assets:

(i) Classification and subsequent measurement of financial assets

A financial asset shall be classified and measured at fair value through profit or loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments - for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivable. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

(iii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss.

Financial liabilities and equity instruments:

(i) Classification of financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified, at initial recognition:

- At fair value through profit or loss,
- Loans and borrowings, or
- Payables,

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, they are recognized net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.



(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL:

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as FVTPL. Gains or losses on liabilities are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the 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.

(iii) Derecognition of financial liabilities

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the statement of profit and loss.

j. Intangible Assets

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

k. Government Grants

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.



l. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

m. Cash Flow Statement

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

n. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of Company (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



3 Property, plant and equipment

Sr. No.	Particulars	Location	Gross Block			Depreciation			Net Block At 31 March 2019
			At 08 May 2018	Additions	Disposals	At 31 March 2019	At 08 May 2018	Charge for the period	At 31 March 2019
1	Plant and equipment	Lapanga (30 MWp DC)	-	1,10,02,66,532	-	1,10,02,66,532	-	1,49,80,424	1,08,52,86,108
2	Building	Lapanga (30 MWp DC)	-	89,79,674	-	89,79,674	-	1,09,156	88,70,518
Total			-	1,10,92,46,206	-	1,10,92,46,206	-	1,50,89,580	1,09,41,56,626

Notes:

(a) Capital work in progress of Rs. 1,10,625 pertains to expenditure incurred towards processing fees for Raipur project in Chattisgarh which is yet to be commenced.

(b) Property, plant and equipment has been pledged as security for borrowings by the Company (note 13).

Capitalised borrowing costs

During the period, the amount of borrowing costs capitalised during the period ended 31 March 2019 amounts to Rs. 27,64,343. The rate used to determine the amount of borrowing costs eligible for capitalisation has been approximately 9% for inter corporate debts and rates for borrowings from banks is as mentioned in note 13.



Aditya Birla Renewables Subsidiary Limited
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Notes to financial statements for the period ended 31 March 2019
4 Non current tax assets (net)
(In Rs.)

Particulars	As at 31 March 2019
Advance income tax and TDS receivable (net of provision Rs. Nil)	20,94,163
Total	20,94,163

5 Other non current assets
(In Rs.)

Particulars	As at 31 March 2019
Capital advances	60,300
Security deposits	1,50,000
Total	2,10,300

6 Trade receivables
(In Rs.)

Particulars	As at 31 March 2019
Receivables from related party (note 25)	-
Total	-

Break up for security details

Particulars	As at 31 March 2019
Secured, considered good	-
Unsecured, considered good	-
Trade receivables which have significant increase in credit risk [note 29(C)(a)]	-
Trade receivables - credit impaired [note 29(C)(a)]	-
Total	-

No trade or other receivable is due from directors or other officers of the Company either severally or jointly with any other person.
No receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 25.

Trade receivables are generally on terms as set out in the Power Purchase Agreement (PPA).

7 Cash and cash equivalents
(In Rs.)

Particulars	As at 31 March 2019
Balance with banks	
On current accounts	15,38,855
Deposits with original maturity of less than three months	2,08,00,000
Total	2,23,38,855

Short term deposits are made for varying periods between seven and ninety days, depending on the immediate cash requirements of the Company and earn interest at the respective short term deposit rates.

8 Bank balances other than cash and cash equivalents
(In Rs.)

Particulars	As at 31 March 2019
Deposits with original maturity period of more than three months but less than twelve months	2,58,00,000
Total	2,58,00,000

9 Other financial assets
(In Rs.)

Particulars	As at 31 March 2019
Accrued interest on deposits	95,970
Unbilled revenue from related party (note 25)	1,32,61,077
Total	1,33,57,047

10 Other current assets
(In Rs.)

Particulars	As at 31 March 2019
Prepayments	6,11,836
Total	6,11,836



Aditya Birla Renewables Subsidiary Limited

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Notes to financial statements for the period ended 31 March 2019

11 Equity share capital**(in Rs.)**

Particulars	As at 31 March 2019
Authorised share capital:	
2,40,00,000 equity shares of Rs. 10 each	24,00,00,000
	24,00,00,000
Issued equity capital	
2,21,00,000 Equity shares of Rs 10 each (issued, subscribed and fully paid)	22,10,00,000
	22,10,00,000

(a) Reconciliation of issued equity share capital

Particulars	As at 31 March 2019
Number of shares outstanding at 08 May 2018	-
Issue of shares during the period	2,21,00,000
Number of shares outstanding at the end of the period	2,21,00,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

(c) Aditya Birla Renewables Limited is the holding company with 74% shareholding and Hindalco Industries Limited is an associate of the Company with 26% shareholding. Grasim Industries Limited is the ultimate holding company through its 100% share holding in Aditya Birla Renewables Limited.**(d) Details of shareholders holding more than 5% equity shares in the Company:**

Name of shareholder	As at 31 March 2019	
	Number of shares	% holding
Aditya Birla Renewables Limited	1,63,54,000	74%
Hindalco Industries Limited	57,46,000	26%
Total	2,21,00,000	100%

12 Other equity**(in Rs.)**

Particulars	As at 31 March 2019
Profit for the period	50,02,313
Total	50,02,313



Aditya Birla Renewables Subsidiary Limited

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Notes to financial statements for the period ended 31 March 2019

13 Borrowings

(in Rs.)

Particulars	As at 31 March 2019
Letter of credit discounted	87,38,76,716
Total	87,38,76,716

Summary of borrowing arrangements**ICICI Bank (Lapanga)**

The lender has sanctioned (i) a rupee term loan aggregating upto Rs. 1,00,60,00,000 which include Letter of Credit (LC) not exceeding Rs 1,00,60,00,000 and (ii) a Bank Guarantee (BG) of Rs. 5,00,00,000. This facility is secured by first charge on the assets of the project, both present and future, located at Lapanga. The loan is repayable in such structured quarterly instalments beginning from 31 December 2019 or such later date as per the terms of the loan agreement when the letter of credit discounted will be converted into term loan as per the credit facilities arrangement of the Company. However, the entire repayment of term loan should not exceed the maturity date i.e. 31 December 2038. Accordingly, the Company has disclosed the entire amount of letter of credit discounted as non-current. The effective interest rate for the loan is in the range of 9.29% to 9.44% for loan availed in various tranches.

Loan covenants

Bank loan contains certain debt covenants relating to limitations on indebtedness, debt-equity ratio, debt service coverage ratio, total outstanding liability to networth ratio, fixed asset coverage ratio and debt service reserve account. These covenants are to be tested at the end of the financial year immediately succeeding the financial year after the commissioning of the project occurs but not later than March 31, 2020 and every financial year thereafter, based on the audited financial statements of the previous financial year as per the loan agreements. No loans were due for repayment in the current period.

14 Deferred tax liabilities (net)

(in Rs.)

Particulars	Charge for the period	MAT credit utilised	As at 31 March 2019
Deferred tax liabilities			
Borrowings (note a)	17,38,274	-	17,38,274
Accelerated depreciation for tax purposes	8,77,55,231	-	8,77,55,231
	8,94,93,505	-	8,94,93,505
Deferred tax assets			
Preliminary expenses	(52,044)	-	(52,044)
Business loss (note b)	(8,41,90,426)	-	(8,41,90,426)
	(8,42,42,470)	-	(8,42,42,470)
MAT credit entitlement (note c)		(21,10,836)	(21,10,836)
Deferred tax liabilities (net)	52,51,035	(21,10,836)	31,40,199

Notes:

- a) Timing difference on the outstanding borrowings due to difference in effective interest and actual interest.
b) Recognised on business losses which will be available to offset future taxable income of the Company.
c) Assets of Rs. 21,10,836 recognised as MAT credit entitlement represents the portion of MAT liability which can be recovered and set-off in subsequent years.



Aditya Birla Renewables Subsidiary Limited**CIN: U40108MH2018PLC309087****Notes to financial statements for the period ended 31 March 2019****15 Trade payables****(in Rs.)**

Particulars	As at 31 March 2019
Total outstanding dues of micro and small enterprises (note 27)	-
Total outstanding dues of creditors other than micro and small enterprises	6,38,983
Total	6,38,983

16 Other financial liabilities**(in Rs.)**

Particulars	As at 31 March 2019
Liability for capital expenditure (including retention money)	3,36,03,161
Provision for expenses	3,51,000
Interest accrued but not due on borrowings	2,09,37,300
Total	5,48,91,461

17 Other current liabilities**(in Rs.)**

Particulars	As at 31 March 2019
Statutory liability	
Tax deducted at source	1,29,780
Total	1,29,780



Aditya Birla Renewables Subsidiary Limited

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Notes to financial statements for the period ended 31 March 2019

18 Revenue from operations

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Solar power generation	
30 MWp DC at Lapanga, Odisha (note 25)	5,26,05,174
Total	5,26,05,174

The Company has only one principal customer i.e., Hindalco Industries Limited for all its solar power projects. The Company has entered into Power Purchase Agreement (PPA) with the customer for supply of solar power.

The Company operates only in one reportable segment i.e. 'generation and distribution of solar power energy'. The entire revenue from operations pertains to solar power generation. Hence the Company has not further disaggregated operating revenues.

(in Rs.)

Contract balances	As at 31 March 2019
Contract assets	-
Contract liabilities	-
Receivables	
Trade receivables	-
Unbilled revenue from related party (note 25)	1,32,61,077
Total	1,32,61,077

Performance obligation is satisfied on the supply of power and payment due is as per the terms of the PPA.

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 Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company recognises revenue for the amount it has the right to invoice (i.e., on an as-invoiced basis) since the amount corresponds to the value it transfers to the customer. Hence, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date.

19 Other income

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Sale of scrap	58,036
Interest income on fixed deposits	14,62,476
Total	15,20,512

20 Finance costs

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Interest on borrowings	2,21,90,280
Bank charges	1,003
Total	2,21,91,283

21 Rates and taxes

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Preliminary expenses	12,835
Stamp duty on issue of equity shares	25,94,405
Others	12,282
Total	26,19,522

22 Other expenses

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Insurance expenses	4,04,470
Legal and professional fees	2,29,312
Payment to auditors (refer details below)	5,70,709
Managerial remuneration	2
Miscellaneous expenses	2,15,789
Total	14,30,282

(in Rs.)

Particulars	For the period 08 May 2018 to 31 March 2019
Payment to auditors (including GST)	
As auditors	
Audit fees	2,95,000
Limited review fees	1,87,209
In other capacity	
Tax audit fees	88,500
Total	5,70,709



23 Earning per share

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computation:

Particulars	For the period 08 May 2018 to 31 March 2019
Profit attributable to equity holders	50,02,313
Weighted average number of equity shares for basic and diluted EPS	1,49,06,860
Basic and diluted earnings per share (in Rs.)	0.34

24 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management and policies (note 29)
- Capital management (note 29)

a) Judgement

In the process of applying the Company's accounting policies, the management has made a judgement taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customer in accordance with Ind AS 115, which may have the most significant effect on the amounts recognized in the financial statements. The Company recognises revenue for the amount it has the right to invoice (i.e., on an as-invoiced basis) as the amount corresponds to the value it transfers to the customer.

b) Estimates and assumptions

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

Taxes

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

The deferred tax is recognised for MAT credit available only to the extent 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.

Useful lives of property, plant and equipment

The Company, based on technical assessment made by management estimate, depreciates plant and equipment and building over estimated useful lives, which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Recognition and measurement of provisions and contingencies

Key assumptions about the likelihood and magnitude of an outflow of resources.



25 Related party transactions

Name of related parties and description of relationship with whom transactions have taken place during the period ended 31 March 2019

(A) Holding Company

Aditya Birla Renewables Limited [ABReL] (74%)

(B) Ultimate Holding Company

Grasim Industries Limited (through its 100% holding in ABReL)

(C) Associate Company

Hindalco Industries Limited (26%)

(D) Key Managerial personnel

Mr. Pavan K. Jain, Managing Director

Mr. Pawan Kumar Jain, Director

Mr. Ravinder Khanna, Director

Mr. Mahendra Bhandari, Chief Financial Officer

Mr. Bhupendranath Bhargava, Independent Director (w.e.f. 08 April 2019)

Mr. V. Chandrasekaran, Independent Director (w.e.f. 08 April 2019)

Details of transactions with related parties:

(in Rs.)

Sr. No.	Particulars	For the period ended 31 March 2019
1	Allotment of equity shares Aditya Birla Renewables Limited Hindalco Industries Limited	16,35,40,000 5,74,60,000 22,10,00,000
2	Revenue from operations Hindalco Industries Limited	5,26,05,174
3	Project implementation cost Aditya Birla Renewables Limited	14,28,809
4	Project management fees - Fixed Assets Grasim Industries Limited	7,16,77,472
5	Supervision and monitoring of operation and maintenance services Grasim Industries Limited	1,21,031
6	Managerial remuneration Pavan K. Jain Mahendra Bhandari	1 1
7	Inter corporate loan taken Grasim Industries Limited Aditya Birla Renewables Limited	9,00,00,000 25,00,000 9,25,00,000
8	Inter corporate loan repaid A. Grasim Industries Limited	9,00,00,000 10,30,808 9,10,30,808
	B. Aditya Birla Renewables Limited	25,00,000 18,863 25,18,863
9	Closing balance Share capital Aditya Birla Renewables Limited Hindalco Industries Limited	16,35,40,000 5,74,60,000 22,10,00,000
10	Unbilled revenue Hindalco Industries Limited	1,32,61,077

Note: Related party relationships as per Ind AS 24 have been identified by the management and relied upon by the auditors.

All the transactions are carried out at arms length price.

Terms and conditions of transactions with related parties

The transactions with related parties are in the ordinary course of business and are on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the period ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.



26 Segment reporting

For management purpose, the Company is engaged into one reportable business segment i.e. "generation and distribution of Solar Power Energy". No other operating segment has been aggregated to form the above reportable operating segment. The Company's revenue, result, assets and liabilities are reported to the management for the purpose of resource allocation and assessment of segment performance.

27 Details of micro enterprises and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(In Rs.)	
Particulars	31 March 2019
Principal amount due to micro enterprises and small enterprises	-
Interest due on above	-
Amount of interest paid during the period	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-
Amount of interest accrued and remaining unpaid at the end of accounting period	-
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 MSMED Act 2006	-

The information has been given in respect of such vendors to the extent they would be identified as "Micro Enterprises and Small Enterprises" on the basis of information available with the Company and relied upon by the auditors.

28 Categories of Financial Instruments

(In Rs.)		
Particulars	As at 31 March 2019 Carrying value	As at 31 March 2019 Fair value
Financial assets		
Measured at amortised cost:		
Cash and cash equivalents (note 7)	2,23,38,855	2,23,38,855
Bank balances other than cash and cash equivalents (note 8)	2,58,00,000	2,58,00,000
Other financial assets (note 9)	1,33,57,047	1,33,57,047
Total	6,14,95,902	6,14,95,902
Financial liabilities		
Measured at amortised cost:		
Borrowings (note 13)	87,38,76,716	87,38,76,716
Trade payables (note 14)	6,38,983	6,38,983
Other financial liabilities (note 16)	5,48,91,461	5,48,91,461
Total	92,94,07,160	92,94,07,160

The Company has assessed that cash and cash equivalents, bank balance, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short term nature of the instruments. Long term Borrowings are evaluated based on parameters such as interest rate and risk characteristic of financial project. Based on the evaluation, no impact has been identified.

29 Financial risk management objectives and policies**(A) Market risk**

The Company's principal financial liabilities, comprise of borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, bank balances and other financial assets that arise directly from its operations.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments, including investments and deposits, payables and borrowings.

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
Interest rate risk	Long term borrowings at variable rates	Sensitivity analysis, interest rate movements	Interest rate swaps and loan takeover for long term borrowings diversification
Credit risk	Trade receivables and other financial assets	Ageing analysis, credit rating	Credit monitoring, credit limit and credit worthiness monitoring of the counter parties
Liquidity risk	Borrowings and other financial liabilities	Rolling cashflow	Borrowing facilities diversification



(B) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Company's exposure to the risk due to changes in interest rates relates primarily to the Company's borrowings with floating interest rates. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

Interest rate sensitivity analysis

1% increase in interest rates will decrease profit before tax and decrease pre tax equity by Rs. 87,38,767. If the rate is decreased by 1%, the profit before tax will increase and pre-tax equity will increase by an equal amount.

(C) Credit risk

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks.

The carrying amount of financial assets represents the maximum credit risk exposure.

a. Trade receivables

Trade receivables consist of principal customer Hindalco Industries Limited. The Company has already evaluated the credit worthiness of the party and did not find any credit risk related to trade receivables. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

Total Trade receivables as on 31 March 2019 is Rs. Nil.

b. Cash and cash equivalents and bank deposits

Credit risk on cash and cash equivalents and bank deposits is generally low as the Company has transacted with reputed banks.

(D) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The management is responsible for managing liquidity, funding as well as settlement. Further management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details of financial liabilities further, based on contractual undiscounted payments.

(In Rs.)

As at 31 March 2019	3 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Total
Borrowings	-	8,80,12,500	8,48,37,009	70,10,27,207	87,38,76,716
Trade payables	6,38,983	-	-	-	6,38,983
Other financial liabilities	5,48,91,461	-	-	-	5,48,91,461
Total	5,55,30,444	8,80,12,500	8,48,37,009	70,10,27,207	92,94,07,160

(E) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide maximum returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loan and borrowings, less cash and cash equivalents, excluding discontinued operations.

(In Rs.)

Particulars	As at 31 March 2019
Borrowings (note 13)	87,38,76,716
Less - Cash and cash equivalents (note 7)	2,23,38,855
Net debt	85,15,37,861
Total capital (note 11 & 12)	22,60,02,313
Total capital and net debt	1,07,75,40,174
Gearing ratio	79%

In addition, the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like debt-equity ratio, debt service coverage ratio, total outstanding liability to networth ratio, fixed asset coverage ratio and debt service reserve account which are required to be maintained by the Company as per the terms and conditions of the loan agreement.



Aditya Birla Renewables Subsidiary Limited

CIN: U40108MH2018PLC309087

Notes to financial statements for the period ended 31 March 2019

30 Capital commitments

(In Rs.)

Particulars	As at 31 March 2019
Estimated amount to be paid for contracts executed on capital account and not provided for (net of advances)	21,12,875
Total	21,12,875

31 Standards issued but not yet effective**Ind AS 116 Leases**

Ind AS 116 Leases was notified by the Ministry of Corporate Affairs on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. It is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is in the process of evaluating Ind AS 116 and the changes to accounting system and additional disclosure requirements that may be necessary, will be given effect to once evaluation has been completed.

32 Prior period comparatives

The Company has been incorporated on 08 May 2018. Accordingly, these financial statements present first year of operations. Hence, prior period comparatives are not available.

For S R B C & CO LLP

Chartered Accountants


ICAI Firm Registration No.: 324982E/E300003


Per Vijay Maniar
Partner

Membership No.: 36738

Place: Mumbai

Date: 10 May 2019

**For and on behalf of the Board of Directors of
Aditya Birla Renewables Subsidiary Limited**
Pavan K. Jain
Managing Director
DIN: 00703624
V. Chandrasekaran
Independent Director
DIN: 03126243
Mahendra Bhandari
Chief Financial OfficerPlace: Mumbai
Date: 10 May 2019
Shweta Mayekar
Company Secretary
Membership No: ACS 23786