

Dewan P.N. Chopra & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Vuelta Wind Energy Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vuelta Wind Energy Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 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 opinion.

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting 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 financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The audited financial statements of the company for the corresponding period ended March 2018 included in these financial statements, have been audited by the predecessor auditors whose audit report dated May 17, 2018 expressed an unmodified opinion on those audited financial statements. Our opinion is not modified in respect of this matter.

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 Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

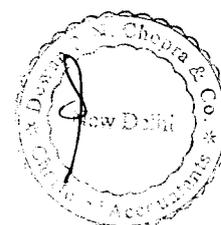
(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses



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

For Dewan P. N. Chopra & Co.
Chartered Accountants
Firm Regn. No. 000472N


(CA. Sandeep Dahiya)
Partner
Membership No. 505371

Place: New Delhi
Date: 16 May 2019



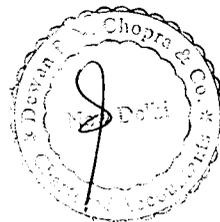
ANNEXURE-ATO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph - 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date.)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:-

- (i) The company does not have fixed assets hence paragraph 3(i) of this order is not applicable.
- (ii) The company does not have inventory, hence paragraph 3(ii) of this order is not applicable.
- (iii) The company has not granted 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, hence paragraph 3(iii) of this order is not applicable.
- (iv) As the company does not have any loans, investments, guarantees, and securities standing as on 31st March, 2019 for the purpose of section 185 and 186 of the Companies Act, 2013, therefore paragraph 3(iv) is not applicable to the company.
- (v) The company has not accepted any deposits, hence the paragraph 3(v) of the order is not applicable.
- (vi) In our opinion, paragraph 3(vi) of the order is not applicable
- (vii) (a) On the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities, though there has been a slight delay in a few cases, to the extent applicable to it.

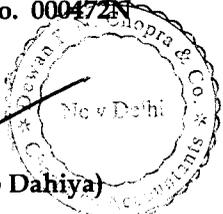
In our opinion, no undisputed amounts payable in respect of provident fund, income tax, goods and services tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) On the basis of our examination of the books of accounts and records, there is no dues of income tax or goods and services tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute
- (viii) On the basis of our examination of the books of accounts and records and in our opinion, there is no default in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans raised during the year have been applied for the purpose for which they were obtained.



- (x) In our opinion, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The company is a private limited company. Accordingly the provisions of section 197 read with schedule V to the Companies Act are not applicable on the company. Accordingly, paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion, the Company is not a nidhi company. Hence, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of the records of the Company and in our opinion, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) Based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) Based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Dewan P. N. Chopra & Co.
Chartered Accountants
Firm Regn. No. 000472N



(CA Sandeep Dahiya)
Partner
Membership No. 505371

Place: New Delhi

Date: 16 May 2019

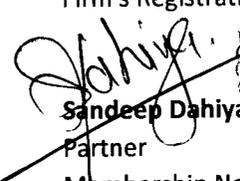
Vuelta Wind Energy Private Limited
CIN: U40106GJ2018PTC100591
Balance Sheet as at 31 March 2019

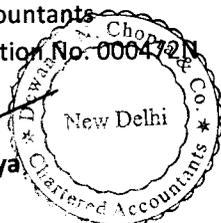
Particulars	Note No.	As at 31 March 2019	(Rs. in Lakh)
			As at 31 March 2018
ASSETS			
Non-current assets			
(a) Capital work-in-progress	24	85.09	-
(b) Financial assets			
(i) Other non-current financial assets	5	5.05	-
Total Non - current assets		90.14	-
Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	6	0.21	1.09
Total Current assets		0.21	1.09
Total Assets		90.35	1.09
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	7	1.00	1.00
(b) Other equity	8	(14.24)	(0.43)
Sub-total		(13.24)	0.57
LIABILITIES			
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	9	93.72	0.10
(ii) Other financial liabilities	10	8.92	0.42
(b) Other current liabilities	11	0.95	-
Sub-total		103.59	0.52
Total Equity and Liabilities		90.35	1.09

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

For Dewan P.N. Chopra & Co.

Chartered Accountants
Firm's Registration No. 000472N


Sandeep Dahiya
Partner
Membership No. 505371
Place: Delhi
Date: 16 May 2019



For Vuelta Wind Energy Private Limited


Venkatesh Sonti

Director
DIN: 02829206
Place: Noida
Date: 16 May 2019



Bhupesh Kumar Juneja
Director
DIN: 03526996

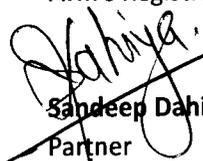
Vuelta Wind Energy Private Limited
CIN: U40106GJ2018PTC100591
Statement of Profit and Loss for the year ended 31 March 2019

Particulars	Note No.	(Rs. in Lakh)	
		Year ended 31 March 2019	Period ended 31 March 2018
Other Income	12	0.05	-
Total Income		0.05	-
Expenses			
Finance costs	13	2.77	-
Other expenses	14	11.09	0.43
Total expenses		13.86	0.43
Loss before tax		(13.81)	(0.43)
Tax expense		-	-
Loss for the period		(13.81)	(0.43)
Other comprehensive income		-	-
Total comprehensive income for the period (comprising loss and other comprehensive income for the period)		(13.81)	(0.43)
Basic and Diluted loss per equity share of Rs. 10 each (In Rs.)	25	(138.10)	(21.34)

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

For Dewan P.N. Chopra & Co.

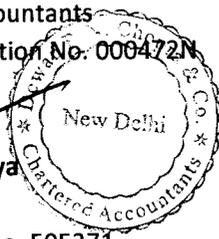
Chartered Accountants
Firm's Registration No. 000472N

Sandeep Dahiya

Sandeep Dahiya
Partner

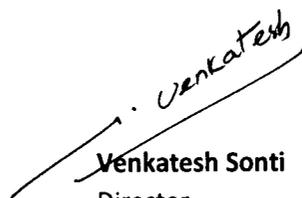
Membership No. 505371

Place: Delhi

Date: 16 May 2019



For Vuelta Wind Energy Private Limited

Venkatesh Sonti

Venkatesh Sonti
Director

DIN: 02829206

Place: Noida

Date: 16 May 2019

Bhupesh Kumar Juneja


Bhupesh Kumar Juneja
Director

DIN: 03526996

Vuelta Wind Energy Private Limited
CIN: U40106GJ2018PTC100591
Statement of Changes in Equity for the year ended 31 March 2019

A: Equity Share Capital

(Rs. in Lakh)

Particulars	
Balance as at 1 April 2017	-
Changes in equity share capital during the year	1.00
Balance as at 31 March 2018	1.00
Changes in equity share capital during the year	-
Balance as at 31 March 2019	1.00

B: Other Equity

(Rs. in Lakh)

Reserves & Surplus - Retained Earnings	Retained Earnings
Balance as at 1 April 2017	
Loss for the year	(0.43)
Total comprehensive income for the year	(0.43)
Balance as at 31 March 2018	(0.43)
Loss for the year	(13.81)
Total comprehensive income for the year	(13.81)
Balance as at 31 March 2019	(14.24)

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

For Dewan P.N. Chopra & Co.

Chartered Accountants

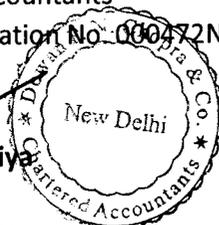
Firm's Registration No. 00072N

Sandeep Dahiya
Sandeep Dahiya
Partner

Membership No. 505371

Place: Delhi

Date: 16 May 2019



For Vuelta Wind Energy Private Limited

Venkatesh
Venkatesh Sonti

Director

DIN: 02829206

Place: Noida

Date: 16 May 2019

Bhupesh Kumar Juneja
Bhupesh Kumar Juneja

Director

DIN: 03526996

Vuelta Wind Energy Private Limited
CIN: U40106GJ2018PTC100591
Statement of Cash Flows for the year ended 31 March 2019

(Rs. in Lakh)

Particulars	Year ended 31 March 2019	Period ended 31 March 2018
Cash flows from operating activities		
Loss for the period	(13.81)	(0.43)
Adjustments for:		
Finance costs	2.77	-
Operating loss before working capital changes	(11.04)	(0.43)
Movements in working capital:		
Movements in Bank Deposits	(5.05)	-
Other financial liabilities	8.50	0.42
Other current liabilities	0.95	-
Cash used in operating activities	(6.64)	(0.01)
Income taxes paid	-	-
Net cash used in operating activities	(6.64)	(0.01)
Cash flows from investing activities		
Purchase of property, plant and equipment (including changes in capital work-in-progress, capital creditors and capital advance)	(85.09)	-
Net cash used in investing activities	(85.09)	-
Cash flows from financing activities		
Shares issued during the period	-	1.00
Inter-corporate deposit received	93.62	0.10
Finance Cost	(2.77)	-
Net cash generated from financing activities	90.85	1.10
Net increase in cash and cash equivalents	(0.88)	1.09
Cash and cash equivalents at the beginning of the year	1.09	-
Cash and cash equivalents at the end of the year	0.21	1.09

Changes in liabilities arising from financing activities:

(Rs. in Lakh)

Particulars	Current Borrowing
Opening Balance	0.10
Cash flows	93.62
Interest expense	9.51
Interest paid	(0.95)
Closing Balance	102.28

(*) Amount is less than Rs. 0.01 Lakh

Notes:

- The above statement of cash flows has been prepared under the Indirect method as per Ind AS 7 : Statement of Cash Flows
- Components of cash and cash equivalents are as per note 6
- The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For Dewan P.N. Chopra & Co.

Chartered Accountants
Firm's Registration No. 000472

Sandeep Dahiya
Sandeep Dahiya
Partner
Membership No. 505371
Place: Delhi
Date: 16 May 2019

For Vuelta Wind Energy Private Limited

Venkatesh
Venkatesh Sonti
Director
DIN: 02829206
Place: Noida
Date: 16 May 2019

Bhupesh Kumar Juneja
Bhupesh Kumar Juneja
Director
DIN: 03526996

Vuelta Wind Energy Private Limited
Notes to the financial statements for the year ended 31 March 2019

1. Company information

Vuelta Wind Energy Private Limited (the "Company") incorporated on 17 January 2018 under the Companies Act, 2013 and is proposed to engage in the business of generation and sale of wind energy. The Company is a wholly owned subsidiary of Inox Wind Infrastructure Services Limited which is a subsidiary of Inox Wind Limited (IWL). IWL is a subsidiary of Gujarat Fluorochemicals Limited and its ultimate holding company is Inox Leasing and Finance Limited. The Company is yet to commence its commercial operations.

The Company's registered office is located at 301, ABS Tower Old Padra Road, Vadodara, Gujarat, India.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These financial statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

2.2 Basis of Measurement

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated. Previous year financial statements are the first financial statements of the company and prepared for the period 17th January 2018 (i.e. Incorporation Date) to 31st March 2018. Hence same are not comparable for the current period.

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



Vuelta Wind Energy Private Limited
Notes to the financial statements for the year ended 31 March 2019

2.3 Basis of Preparation and Presentation

The financial statements have been prepared on accrual and going concern basis.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months.

These financial statements were authorized for issue by the Company's Board of Directors on 16 May 2019

3. Significant Accounting Policies

3.1 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.2 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.2.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years, items that are never taxable or deductible and tax incentives. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.2.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and



Vuelta Wind Energy Private Limited
Notes to the financial statements for the year ended 31 March 2019

liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.2.3 Presentation of current and deferred tax :

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

3.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The leasing transaction of the Company comprise of only operating leases.

3.3.1 The Company as lessee

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.4 Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.



Vuelta Wind Energy Private Limited
Notes to the financial statements for the year ended 31 March 2019

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of 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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. 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 profit or loss.

A] Financial assets

a) Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

b) Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

