Greenko Investment Company (Restricted Group II)

Issuer of US$500 Million 4.875% Senior Notes due 2023

Summary of Contents

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Independent Auditors' Report

To the Board of Directors of Greenko Investment Company

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of the Restricted Group II which consists of the Greenko Investment Company ("the Company"), a wholly owned subsidiary of Greenko Energy Holdings ("the Parent") and certain entities under common control of the Parent, as listed in Note 3.1 to the combined financial statements (collectively known as "the Restricted Group II"), which comprise the combined statement of financial position as at 31 March 2018, the combined statement of profit or loss and other comprehensive income, the combined statement of changes in net parent investment and the combined statement of cash flows for the year then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 36.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the Restricted Group II as at 31 March 2018 and of its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards, as issued by International Accounting Standards Board ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the Restricted Group II pursuant to the Chartered Accountants Act, 1949 or rules or regulations issued thereunder and the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3.1 to the combined financial statements, which describes that the Company has not formed a separate legal group of entities during the year ended 31 March 2018, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group II combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group II that would have occurred if it had operated as a separate standalone group of entities during the period presented, nor may they be indicative of the results of operations of the Restricted Group II for any future period. The combined financial statements have been prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes as described in Note 2 to the combined financial statements. Our opinion is not modified in respect of this matter.

Independent Auditors' Report to the Board of Directors of Greenko Investment Company (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1) Valuation of derivative financial instruments

Derivative financial asset amounting to USD 65,402,044 included in the combined statement of financial positon as at 31 March 2018 measured at fair value. The Company's foreign exchange risk arises from debt investments made in Indian operations. Consequently the Company uses derivative financial instruments such as foreign exchange option and forward contracts to mitigate the risk of changes in foreign currency exchange rates.

The fair value at year end has been determined using the Black-Scholes model, which required the directors to make certain estimates on the inputs used in the fair value determination.

Due to the estimation required by the directors in the determination of the fair value and the work effort from the audit team, the valuation of financial instruments was considered a key audit matter.

The Restricted Group II's disclosures regarding the accounting policy, assumptions and estimates used for valuation for derivative financial instruments are included in Notes 3.10, 5.2(a) and 9 to the combined financial statements.

How the matter was addressed in our audit

Our audit procedures included the following:

- Obtained an understanding of the methodologies and input parameters used by the Company in determining fair value in the Black-Scholes model.
- Involved our own specialists to assess and challenge the appropriateness of the model used and inputs in the model by comparing observable inputs against independent sources and externally available market data.
- Performed our own independent fair valuations with the assistance of our own valuation specialists and compared our valuation to the Company's valuation.
- Assessed whether the fair value determination is appropriately disclosed in accordance with the applicable financial reporting framework.

2) Assessment of non current assets impairment

As at 31 March 2018, the Restricted Group II recognized intangible assets and goodwill of USD 133,758,846 and property, plant and equipment of USD 648,339,089.

Intangible assets with definite useful life and property, plant and equipment are tested for impairment whenever there is objective evidence of impairment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on value-in-use of such assets.

Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of the money and risk specific to the asset or CGU.

Given the significance of the aforementioned items and the use of the management's assumptions and estimates, we consider that assessment of impairment of those non current assets is one of the key audit matters.

The Restricted Group II's disclosures regarding the accounting policy and assumptions and estimates used under assessing impairment of these assets are included in Notes 3.5 (a), 3.6 and 7 to the combined financial statements.

Independent Auditors' Report to the Board of Directors of Greenko Investment Company (continued)

Key Audit Matters (continued)

2) Assessment of non current assets impairment (continued)

How the matter was addressed in our audit

Our audit procedures included the following:

- Evaluation of procedures used by the Management to identify indication of impairment in non current assets.
- Evaluation of the procedures used by the Management in order to prepare reliable business plans through comparing the actual performance in relation to previous projections.
- Involved our own specialists to assess and challenge the appropriateness of the model used and inputs in the model by comparing observable inputs against independent sources and externally available market data.
- Evaluation of the reasonableness of the Management's assumptions and estimates, such as the reasonableness of discount rates used and the application of generally accepted evaluation methods.
- Review of the mathematical precision of discounted cash flow models.
- Assessment of adequacy of the disclosures included in the notes to financial statements regarding this matter.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the International Financial Reporting Standards as issued by International Accounting Standards Board ("IFRS") and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Restricted Group II'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 Restricted Group II or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Restricted Group II's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined 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.

Independent Auditors' Report to the Board of Directors of Greenko Investment Company (continued)

Auditors' Responsibilities for the Audit of the Combined Financial Statements (continued)

- 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 the effectiveness of the Restricted Group II's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Restricted Group II's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined 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 auditors' report. However, future events or conditions may cause the Restricted Group II to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Restricted Group II to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the Restricted Group II audit. We remain solely responsible for our audit opinion.

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 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 combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

Sriram Mahalingam
Partner
Membership number: 049642

Place: Mauritius
Date: 29 July 2018

(All amounts in US Dollars unless otherwise stated)

Combined statement of financial position

	Notes	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Intangible assets and goodwill	7	133,758,846	132,689,775
Property, plant and equipment	8	648,339,089	536,630,976
Bank deposits	15	30,750	11,734
Other receivables	12	177,798	182,397
Derivative financial assets	9	65,402,044	69,822,482
		847,708,527	**739,337,364**
Current assets			
Inventories	13	721,539	568,910
Trade receivables	11	10,820,036	15,887,272
Other receivables	12	2,439,819	2,286,541
Available-for-sale financial assets	10	-	902,147
Bank deposits	15	4,948,081	30,204,607
Current tax assets		1,042,629	524,586
Cash and cash equivalents	14	31,587,484	24,540,929
		51,559,588	**74,914,992**
Total assets		**899,268,115**	**814,252,356**
Equity and liabilities			
Equity			
Net parent investment		183,867,637	188,252,189
Non-controlling interests		(2,443,562)	(1,739,089)
Total equity		**181,424,075**	**186,513,100**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	20	237,014	206,818
Borrowings	17	578,246,520	485,490,410
Deferred tax liabilities	18	22,476,901	19,213,474
Other financial liabilities	9	51,571,864	63,250,638
		652,532,299	**568,161,340**
Current liabilities			
Trade and other payables	16	15,537,214	10,321,609
Current tax liabilities		51,253	111,149
Other financial liabilities	9	16,270,000	16,270,000
Borrowings	17	9,892,989	-
Borrowings from unrestricted group	26	23,560,285	32,875,158
		65,311,741	**59,577,916**
Total liabilities		**717,844,040**	**627,739,256**
Total equity and liabilities		**899,268,115**	**814,252,356**

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

(All amounts in US Dollars unless otherwise stated)

Combined statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	19	73,986,069	48,538,514
Other operating income		138,100	81,901
Power generation expenses		(3,864,906)	(1,064,995)
Employee benefits expense	21	(3,025,512)	(1,126,687)
Other operating expenses		(4,452,236)	(1,741,924)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**62,781,515**	**44,686,809**
Depreciation and amortisation	7&8	(26,587,713)	(16,984,975)
Operating Profit		**36,193,802**	**27,701,834**
Finance income	22	1,660,175	1,434,328
Finance cost	22	(41,899,933)	(42,658,664)
Loan restructuring costs	23	-	(7,751,190)
Loss before income tax		**(4,045,956)**	**(21,273,692)**
Income tax expense	24	(3,848,225)	(1,794,410)
Loss for the year		**(7,894,181)**	**(23,068,102)**
Attributable to:			
Equity holders of the Restricted Group II		(7,239,930)	(21,290,178)
Non-controlling interests		(654,251)	(1,777,924)
		(7,894,181)	**(23,068,102)**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Unrealised gain on available-for-sale financial assets		(73,954)	73,954
Exchange differences on translating foreign operations		(1,938,704)	20,145,556
Total other comprehensive income		**(2,012,658)**	**20,219,510**
Total comprehensive income		**(9,906,839)**	**(2,848,592)**
Total comprehensive income attributable to:			
Equity holders of the Restricted Group II		(9,252,588)	(1,070,668)
Non-controlling interest		(654,251)	(1,777,924)
		(9,906,839)	**(2,848,592)**

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

(All amounts in US Dollar unless otherwise stated)

Combined statement of changes in net parent investment

	As at 31 March 2018	As at 31 March 2017
Opening	188,252,189	189,114,468
Equity infusion by owners of the Restricted Group II	1	208,389
Loss for the year	(7,239,930)	(21,290,178)
Foreign currency translation adjustments	(1,938,704)	20,145,556
Unrealised gains on available-for-sale financial assets, net	(73,954)	73,954
Share of opening accumulated loss to non-controlling interests*	104,805	-
Transactions with unrestricted entities (Refer note 27)	4,763,230	-
Closing	**183,867,637**	**188,252,189**

* Perla Hydro Power Private Limited has issued 24% equity shareholding to group captive consumers during the year.

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

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(All amounts in US Dollars unless otherwise stated)

Combined statement of cash flows

		Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**Cash flows from operating activities**			
	Loss before income tax		(4,045,956)	(21,273,692)
	Adjustments for			
	Depreciation and amortization	7&8	26,587,713	16,984,975
	Finance income		(1,660,175)	(1,434,328)
	Finance cost		41,899,933	42,658,664
	Loan restructuring costs		-	7,751,190
	Changes in working capital			
	Inventories		(147,089)	(214,241)
	Trade and other receivables		16,343,569	(8,032,434)
	Trade and other payables		(3,596,468)	(9,754,656)
	Cash generated from operations		**75,381,527**	**26,685,478**
	Taxes paid		(1,336,964)	(664,499)
	Net cash from operating activities		**74,044,563**	**26,020,979**
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and capital expenditure, net		(695,970)	2,337,280
	Proceeds from sale of Mutual Funds		907,606	-
	Acquisition of business, net of cash and cash equivalents acquired (Refer note 27)		(1,939,039)	-
	Bank deposits		25,405,420	(24,511,050)
	Interest received		1,074,590	1,371,047
	Net cash from/ (used in) investing activities		**24,752,607**	**(20,802,723)**
C.	**Cash flows from financing activities**			
	Increase in net parent investment		1	208,389
	Proceeds from non-controlling interests		54,583	38,835
	Repayment of Borrowings to the Unrestricted Group, net		(46,813,600)	(83,663,848)
	Proceeds from borrowings (net of issue expenses)		4,654,771	486,388,830
	Repayment of borrowings		(333,214)	(343,691,632)
	Interest paid		(49,116,927)	(45,350,869)
	Net cash from/(used in) financing activities		**(91,554,386)**	**13,929,705**
	Net increase in cash and cash equivalents		**7,242,784**	**19,147,961**
	Cash and cash equivalents at the beginning of the year	14	24,540,929	3,307,947
	Exchange losses on cash and cash equivalents		(196,229)	2,085,021
	Cash and cash equivalents at the end of the Year	14	**31,587,484**	**24,540,929**

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

Notes to the combined financial statements

1. General information

Greenko Investment Company ("Greenko Investment" or "the Company") was incorporated on 04 July 2016 as a public company with limited liability and has its registered office at C/o. SGG Corporate Services (Mauritius) Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius. Greenko Investment is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India on 21 July 2016.

Greenko Energy Holdings ("Greenko" or "the Parent") together with its subsidiaries ("Greenko Group") is in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities and other customers including captive consumers in India through power purchase agreements ("PPA").

2. Purpose of the Combined Financial Statements

The Company has issued Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment invested issue proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") of certain operating Indian subsidiaries of the Parent to replace their existing Rupee debt. These Indian subsidiaries in which Greenko Investment has invested the issue proceeds are individually called as a 'restricted entity' and collectively as 'the restricted entities'. These restricted entities are under common control of Parent and primarily comprise the hydro and wind portfolio. Further, Non-convertible debentures issued to Greenko Investment Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Greenko Investment and restricted entities (as listed in note 3.1) have been considered as a group for the purpose of financial reporting and is referred hereinafter as "Greenko Investment Company (Restricted Group II)" or "the Restricted Group II".

The combined financial statements presented herein reflect the Restricted Group II results of operations, assets and liabilities and cash flows for the periods presented. The combined financial statements have been prepared in accordance with the accounting principles under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") on a carve-out basis to present fairly the combined financial position and performance of the Restricted Group II. The basis of preparation and significant accounting policies used in preparation of these combined financial statements are set out in note 3.1 below.

The financial periods of the Restricted Group II is based on the periods of the financial statements presented by the parent being parent guarantor of the senior notes.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these combined financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Basis of preparation of the combined financial statements

a) Basis of preparation

The indenture governing the Senior Notes requires Greenko Investment to prepare combined financial statements of the Greenko Investment and the restricted entities for the purpose of submission to the bond holders. These combined financial statements as at and for the years ended 31 March 2018 and 31 March 2017, respectively have been prepared on a basis that combines statements of profit or loss, statements of comprehensive income, financial position, statement of changes in net parent investment and cash flows of the legal entities comprising the restricted entities and Greenko Investment.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

Greenko Investment and restricted entities are under the common control of Greenko Energy Holdings ("the parent"). The following are the Restricted Group II entities forming part of the parent:

	31 March 2018	31 March 2017
Anantapura Wind Energies Private Limited	100%	100%
Devarahipparigi Wind Power Private Limited*	100%	-
Greenko Bagewadi Wind Energies Private Limited	74%	74%
Perla Hydro Power Private Limited#	74%	100%
Rayalaseema Wind Energy Company Private Limited	100%	100%
Sneha Kinetic Power Projects Private Limited	100%	100%
Swasti Power Private Limited	100%	100%
Tanot Wind Power Ventures Private Limited	100%	100%
Vyshali Energy Private Limited	74%	74%

*Acquired by Tanot Wind Power Ventures Private Limited from Unrestricted Group on 29 September 2017 (Refer note 27).
Investment by group captive consumers.

Management has prepared these combined financial statements to depict the historical financial information of the Restricted Group II. The inclusion of entities in the Restricted Group II in these combined financial statements is not an indication of exercise of control, as defined in IFRS 10 Consolidated Financial Statements, by Greenko Investment over the Restricted Group II entities.

The combined financial statements are not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group II that would have occurred if it had operated as a separate stand-alone group of entities during the period presented nor of the Restricted Group II future performance. The combined financial statements include the operations of entities in the Restricted Group II, as if they had been managed together for the period presented.

The combined financial statements have been prepared in accordance with IFRS on a carve-out basis. As IFRS does not provide guidance for the preparation of combined financial statements, certain accounting conventions commonly used for the preparation of historical financial information have been applied in preparing the combined financial statements. The application of the specific carve-out conventions impacting the presentation of these financial statements, the areas involving a high degree of judgment or where estimates and assumptions are significant to the combined financial statements have been described below.

The combined financial statements have been prepared on a going concern basis under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss. All intercompany transactions and balances within the Restricted Group II have been eliminated in full. Transactions between the Restricted Group II and other entities of Greenko Group (hereinafter referred to as "the Unrestricted Group") that are eliminated in the consolidated financial statements of Greenko Group have been reinstated in these combined financial statements.

Transactions that have taken place with the Unrestricted Group have been disclosed in accordance of IAS 24, Related Party Disclosures.

As these combined financial statements have been prepared on a carve-out basis, it is not meaningful to show share capital or provide an analysis of reserves. Net parent investment, therefore, represents the difference between the assets and liabilities pertaining to combined businesses. Share capital of Restricted Group II is ultimately held by the parent. Earnings Per Share have not been presented in these combined financial statements, as Greenko Investment Company did not meet the applicability criteria as specified under IAS 33 – Earnings Per Share.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial information are disclosed in the critical accounting estimates and judgments section (Note 6).

The Restricted Group II entities operate on its own and there are no material common expenses incurred by the Parent which require allocation to this Restricted Group II.

Notes to the combined financial statements

b) Business combinations by a restricted group entity

In addition, for preparation of these combined financials statements, business combinations by a restricted entity as the acquirer have been accounted for using the principles of IFRS 3 Business combination except transfer of shares of a restricted entity resulting in change of control from an unrestricted entity to a restricted entity as it does not alter the composition of the Restricted Group II and common control transactions.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Restricted Group II. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Restricted Group II's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Acquisition related costs are expensed as incurred.

When the consideration transferred by the Restricted Group II in the business combination included assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measure at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is qualified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in the profit or loss.

Goodwill arising from combination represents the excess of the consideration over Restricted Group II's interest in the identifiable assets, liabilities and contingent liabilities measured at fair value of a subsidiary at the date of acquisition.

The differences, if any, between the consideration and the net assets of the entity acquired under common control are presented in net parent investment.

c) Top Down Approach

The combined financial statements have been prepared on carve out basis from its parent's consolidated financial statements using the historical results of operations, assets and liabilities attributable to the restricted group. As part of carve-out principles, the Company segregates those transactions within the parent's financial statements that are related to carve-out (Restricted Group II) entities. This is referred as top-down basis of preparation of carve-out financial statements. The fair value adjustments of assets and liabilities arising on account of business combinations in the Parent's consolidated financial statements are attributed to carve-out entities are allocated based on carrying value of these assets and liabilities.

Management believes that this presentation fairly reflects the financial performance of the Restricted Group II as would be seen by the users of the combined financial statements. The resultant fair value adjustments to these historical combined financials statements are presented in Net parent investment. However these adjustments do not have any impact on Combined Statement of Cash Flows.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Restricted Group II's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial information are disclosed in the critical accounting estimates and judgments section (Note 6).

Notes to the combined financial statements

3.2 Segment reporting

The Restricted Group II's operations predominantly relate to generation and sale of electricity. The chief operating decision maker of the Greenko Group evaluates the Restricted Group II's performance and allocates resources based on an analysis of various performance indicators at the level of "generation and sale of electricity related benefits". Accordingly, there is only a single operating segment.

3.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements in each of the Restricted Group II entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is United States Dollar ("US$") and that of Restricted Group II entities in India is Indian Rupees ("INR"). These combined financial statements of the Company are presented in US$.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except for exchange differences arising on monetary items that form part of a net investment in a foreign operation (i.e., items that are receivable from or payable to a foreign operation, for which settlement is neither planned, nor likely to occur in the foreseeable future), which are recognized as part of net parent investment. Foreign exchange gains and losses that relate to financial liabilities are presented in the income statement within 'Finance costs'.

c) Restricted Group II entities

The results and financial position of all the Restricted Group II entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented for each reporting date are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- resulting exchange differences are charged/credited to other comprehensive income and recognised in the net parent investment; and
- statement of cash flows are translated at average exchange rate for the period whereas cash and cash equivalents are translated at closing rate at the reporting date.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that are attributable to the non-controlling interests is derecognised and is not reclassified to profit or loss.

On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the end of each reporting date.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

3.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Restricted Group II and the cost of the item can be measured reliably. All repairs and maintenance expenditure are charged to profit or loss during the period in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Asset category	Useful life
Buildings	30 – 35 years
Plant and machinery	20 – 36 years
Furniture, fixtures and equipment	5 – 10 years
Vehicles	10 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

In case of projects constructed on lease hold land, useful life is considered at primary lease period or estimated useful life whichever is earlier. Costs incurred for land rights are amortised over the period of primary lease.

Capital work-in-progress comprises costs of property, plant and equipment that are under construction and not yet ready for their intended use at the reporting date and the outstanding advances given for construction of such property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the period the item is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 Intangible assets

a) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill represents the excess of the cost of an acquisition over the fair value of the Restricted Group II's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Other intangibles

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization and any impairment in value. The intangible assets are amortised over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Asset category	Useful life
Licences	14 – 40 Years
Power purchase agreements ("PPA")	5 Years

Amortisation of intangible assets is included within 'Depreciation and amortisation'.

Notes to the combined financial statements

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill are not subject to amortization and are tested for impairment annually, or more frequently when there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of the money and risk specific to the asset or CGU. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.7 Impairment of non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Restricted Group II would not consider otherwise.
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial asset.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Financial assets measured at amortised cost

The Restricted Group II considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Restricted Group II uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Restricted Group II considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.8 Financial assets

The Restricted Group II classifies its financial assets (non-derivative financial assets) in the following categories: loans and receivables, financial assets at fair value through profit and loss (FVTPL) and available-for-sale. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

Notes to the combined financial statements

The Restricted Group II recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Restricted Group II has transferred substantially all risks and rewards of ownership.

The fair value of the investment in mutual fund units is based on the net asset value publicly made available by the respective mutual fund managers. The Restricted Group II assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 3.12.

The Restricted Group II derecognises a financial asset only 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 entity. If the Restricted Group II neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Restricted Group II recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Restricted Group II retains substantially all the risks and rewards of ownership of a transferred financial asset, the Restricted Group II continues to recognise the financial asset. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in statement of profit or loss.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Restricted Group II's loans and receivables comprise trade and other receivables, bank deposits and cash and cash equivalents in the statement of financial position (notes 3.12, 3.13 and 3.14). Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are carried at amortised cost using the effective interest method less impairment.

b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into FVTPL category. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Transaction costs which are directly attributable to financial assets at FVTPL is recognised in profit or loss.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated in "net parent investment". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised as other comprehensive income are included in the profit or loss. Dividends on available-for-sale mutual fund units are recognised in the profit or loss as a part of other income.

3.9 Financial liabilities

Financial liabilities are classified as either 'Fair value through profit and loss (FVTPL)' or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when liabilities are classified as FVTPL when held-for-trading or is designated as such on initial recognition.

Notes to the combined financial statements

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 9. The Restricted Group II does not have any financial liabilities classified or designated as FVTPL.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value less any transaction costs and subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments (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 financial liability, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Restricted Group II derecognises financial liabilities when, and only when, the Restricted Group II's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.9.1 Classification as debt or equity

Debt and equity instruments issued by the group entity 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.

3.9.2 Equity instruments

An equity instruments 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 Group entity is recognized at the proceeds received, net of direct issue costs.

3.10 Derivative financial instruments

The Restricted Group II enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts. Further details of derivative financials instruments are disclosed in Note 9.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3.10.1 Embedded derivatives

Derivatives embedded in non-derivative host contracts are traded as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not, measured at FVTPL.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3.11 Inventories

Stores and consumables

Inventories of stores and consumables are valued at cost. Cost includes expenses incurred in bringing each product to its present location and condition.

3.12 Trade and other receivables

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost using the effective interest method, net of provision for impairment. Trade receivables are shown inclusive of unbilled amounts to customers. The carrying amounts, net of provision for impairment, reported in the statement of financial position approximate the fair value due to their short realisation period. A provision for impairment of trade receivables is established when there is objective evidence that the Restricted Group II will not be able to collect all amounts due according to the original terms of receivables. The provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the receivables' original effective interest rate. The amount of the provision is recognised in the profit or loss.

3.13 Bank deposits

Bank deposits represent term deposits placed with banks earning a fixed rate of interest. Bank deposits with maturities of less than a year are disclosed as current assets and more than one year as non-current assets. At the reporting date, these deposits are measured at amortised cost using the effective interest method. Cash and cash equivalents which are pledged with the banks for availing term loans are classified as part of bank deposits.

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value. Bank overdrafts that are an integral part of cash management and where there is a legal right of set–off against positive cash balances are included in cash and cash equivalents.

3.15 Equity

In the context of combined financial statements, the traditional captions in equity (share capital, share premium, foreign currency translation reserve, retained earnings etc.) are not relevant. Accordingly, the equity section of the statement of financial position to be a single line item called 'net parent investment'.

3.16 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the effect of discounting is considered material.

The effective interest method is a method of calculating to the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments (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 financial liability, to the net carrying amount on initial recognition.

3.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Restricted Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.18 Current and deferred income tax

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Parent's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Restricted Group II. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Restricted Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Restricted Group II has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.19 Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Restricted Group II. The Restricted Group II operates two retirement benefit plans for its employees.

a) Gratuity plan

The Gratuity Plan is a defined benefit plan that, at retirement or termination of employment, provides eligible employees with a lump sum payment, which is a function of the last drawn salary and completed years of service. The liability recognised in the statement of financial position in respect of the gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined

Notes to the combined financial statements

benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government of India securities that have terms to maturity approximating to the terms of the related gratuity liability.

Re-measurement, comprising actuarial gain and losses, the effect of changes to the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

b) State administered Provident Fund

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Restricted Group II has no further obligation under the Provident Fund beyond its contribution, which is expensed when accrued.

3.20 Provisions

Provisions are recognised when the Restricted Group II 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. Where the Restricted Group II expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

3.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

a) Sale of electricity

Revenue from the sale of electricity is recognised on the basis of the number of units of power exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the power purchase agreement/feed-in-tariff policy/market rates as applicable less the wheeling and banking charges applicable if any. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when there is no uncertainty associated with the collectability of this claims.

b) Generation Based Incentive (GBI)

Revenue from GBI is recognised based on the number of units exported and if the eligibility criteria are met in accordance with the guidelines issued by regulatory authority for GBI Scheme.

c) Finance income

Interest income is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

3.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.24 Presentation of 'EBITDA' on the statement of profit or loss

The Restricted Group II has included a sub-total 'Earnings before interest, tax, depreciation and amortisation' (EBITDA) in the combined statement of profit or loss. The Directors believes that EBITDA is meaningful for investors because it provides an analysis of Restricted Group II's operating results, profitability and ability to service debt and because EBITDA is used by Restricted Group II's chief operating decision makers to track business evolution, establish operational and strategic targets and make important business decisions. EBITDA is calculated as earnings before interest, taxes, depreciation and amortisation.

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Restricted Group II may be different from the calculations of similarly labelled measures used by other companies and it should therefore not be used to compare one company against another or as a substitute for analysis of the Restricted Group II's operating results as reported under IFRS. EBITDA is not a direct measure of the Restricted Group II's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Restricted Group II's financial commitments.

4. Recent Accounting Pronouncements

Standards issued but not yet effective and not early adopted by the Restricted Group II

IFRS 15, Revenue from Contracts with Customers.

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". This comprehensive new standard will supersede existing revenue recognition guidance and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The new revenue recognition standard was issued with an effective date of January 1, 2017. However, in April 2015, the IASB voted to defer the effective date of the new revenue recognition standard to January 1, 2018. Early application of the new standard is permitted.

Restricted Group II plans to adopt the new standard on the required effective date and the adoption of IFRS 15 does not have any significant impact on the Group's recognition of revenues from sale of energy.

IFRS 9, Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, "Financial instruments". IFRS 9 significantly differs from IAS 39, "Financial Instruments: Recognition and Measurement", and includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The new Standard will impact the measurement of impairment of certain financial assets on account of "expected loss" model and additional disclosures for financial instruments.

IFRS 16, Leases

In January 2016, the IASB issued a new standard, IFRS 16, "Leases". The new standard will eliminate the classification of leases as either operating or financial leases with all leases being recognised on the balance sheet date unless they qualify for exemptions. This will result in previously recognised operating leases being treated as property, plant and equipment along with a leasing creditor. The introduction of this standard will increase the value of property, plant and equipment and the leasing liability on the balance sheet but is unlikely to have a material effect on the profit in any year.

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IFRIC 22, Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC Interpretation 22, "Foreign Currency Transactions and Advance Consideration," which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

IFRIC Interpretation 22 is effective for annual reporting periods beginning on or after January 1, 2018. Restricted Group II believes that the adoption of IFRIC 22 does not have a material impact on its consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax treatments

On June 7, 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments.

IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. An entity can, on initial application, elect to apply this interpretation either:
_ retrospectively applying IAS 8, if possible without the use of hindsight; or
_ retrospectively, with the cumulative effect of initially applying the interpretation recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

Restricted Group II is in the process of evaluating the impact of IFRIC 23 on the consolidated financial statements and the period of adoption.

New standards, interpretations and amendments effective and adopted for financial year 31 March 2018

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendment to IAS 7, 'statement of cash flows' are part of the IASB's disclosures initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in debt. The liabilities arising from financing activities consists of borrowings. A reconciliation between the opening and the closing balance of these items has been disclosed in note 17.7. Apart from the disclosure mentioned, the application of these amendments had no impact on the financial position or performance.

Notes to the combined financial statements

5. Financial risk management

5.1 Financial risk factors

The Restricted Group II's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Restricted Group II's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Restricted Group II's financial performance. The financial instruments of the Restricted Group II, other than derivatives, comprise of bank borrowings, term loans from financial institutions, Senior Notes, bank deposits, cash and cash equivalents, trade and other receivables, available for sale investments, trade and other payables and other financial liabilities.

5.2 Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated into: a) Foreign exchange risk and b) Interest rate risk

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Restricted Group II are conducted in functional currency of its subsidiaries. The restricted entities having INR as functional currency has no significant transactions in currency other than INR. The group's foreign exchange risk arises from debt investments made in Indian operations. Consequently, the Company use derivative financial instruments such as foreign exchange option and forward contracts to mitigate the risk of changes in foreign currency exchange rates.

The translation of INR subsidiaries into USD for the combined financial statements of Restricted Group II is only for the purpose of converting the financial statements into presentation currency and the currency differences are taken to OCI. The same has no impact on the Restricted Group II's cash flow.

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 market interest rates. As the Restricted Group II has no significant interest-bearing assets other than investment in bank deposits, the Restricted Group II income and operating cash flows are substantially independent of changes in market interest rates. The Restricted Group II's considers the impact of fair value interest rate risk on investment in bank deposits are not material. A significant portion the Restricted Group II's borrowing carry fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Restricted Group II. The Restricted Group II's interest rate risk arises from borrowings at variable interest rates which are not significant as at 31 March 2018. Accordingly the Restricted Group II considers the impact of interest rate risk on the statement of profit or loss as not material.

5.3 Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The carrying amounts of financial assets represents the maximum credit exposure. The Restricted Group II's credit risk arises from accounts receivable balances on sales to customers. In respect of trade receivables, the Restricted Group II is not exposed to any significant credit risk exposure to any single counterparty (non-government) or any group of counterparties having similar characteristics. Significant portion of the Restricted Group II's revenue is derived from sales to state owned utilities and corporations under long-term power purchase agreements and hence, potential risk of default is predominantly a governmental one. The Restricted Group II's also has trade receivables due from private parties. The Restricted Group II is paid monthly by the customers for electricity sales. The Restricted Group assesses the credit quality of the purchaser based on its financial position and other information (Refer Note 11 for details). The maximum exposure to credit risk for available-for-sale financial assets, bank balances and bank deposits at the reporting date is the fair value of the amount disclosed in note 10, 14 and 15.

The Restricted Group II maintains banking relationships with only creditworthy banks which it reviews on an on–going basis. The Restricted Group II enters into derivative financial instruments where the counter-party is generally a bank. Consequently, the credit risk on the derivatives and bank deposits is not considered material.

(All amounts in US Dollars unless otherwise stated)

5.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and maintaining adequate credit facilities.

In respect of its existing operations, the Restricted Group II funds its activities primarily through long-term loans secured against each power plant. The Restricted Group II's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level.

The table below analyses the Restricted Group II's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Restricted Group II manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and the data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below:

The amounts disclosed in the table represent the maturity profile and are the contractual undiscounted cash flows.

At 31 March 2018

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	588,139,509	9,892,989	4,889,299	17,405,904	569,817,189	602,005,381
- Interest	-	32,104,549	34,566,511	100,008,765	49,100,565	215,780,390
Trade and other payables	15,537,214	15,537,214	-	-	-	15,537,214
Other financial liabilities	67,841,864	16,270,000	14,970,000	41,010,000	6,835,000	79,085,000
Borrowings from unrestricted group	23,560,285	23,560,285	-	-	-	23,560,285
Total	**695,078,872**	**97,365,037**	**54,425,810**	**158,424,669**	**625,752,754**	**935,968,270**

At 31 March 2017

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	485,490,410	-	-	-	500,000,000	500,000,000
- Interest	-	24,375,000	24,375,000	73,125,000	36,562,500	158,437,500
Trade and other payables	10,321,609	10,321,609	-	-	-	10,321,609
Other financial liabilities	79,520,638	16,270,000	16,270,000	42,310,000	19,140,000	93,990,000
Borrowings from unrestricted group	32,875,158	32,875,158	-	-	-	32,875,158
Total	**608,207,815**	**83,841,767**	**40,645,000**	**115,435,000**	**555,702,500**	**795,624,267**

The entities forming part of the Restricted Group II, generate their own independent cash flows and while determining projected net cash flows, management used certain assumptions based on its current and future operations. The projected cash flows of these entities are based on the capacity utilisation and net cash generated from the existing projects, technical report for wind and hydro and long-term power purchase agreements entered for the projects which in the process of commencement of commercial production.

The net cash flows expected to be generated from the projects shall be sufficient to meet the Restricted Group II's operating and finance costs for the next 12 months.

5.4.1 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Restricted Group II for similar financial instruments.

6. Critical accounting judgements and key sources of estimating uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources.

6.1 Critical judgments in applying the accounting policies

a) Application of business combination accounting rules, including identification and valuation of intangible assets acquired in a business combination

The Restricted Group II allocates the purchase price of the acquired companies to the tangible, intangible and other assets acquired and liabilities assumed based on their estimated fair values. The Restricted Group II engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Restricted Group II to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets.

b) Application of lease accounting rules

Significant judgment is required to apply lease accounting rules under IFRIC 4 Determining whether an Arrangement contains a Lease and IAS 17 Leases. In assessing the applicability to arrangements entered into by the Restricted Group II management has exercised judgment to evaluate customer's right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under IFRIC 4.

c) Application of interpretation for service concession arrangements

Management has assessed applicability of IFRIC 12: Service Concession Arrangements for certain arrangements that are part of business combinations. In assessing the applicability, the management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices, useful life etc., in concluding that the arrangements do not meet the criteria for recognition as service concession arrangements.

d) Assessment of long-term receivables from foreign operations

The Restricted Group II has considered its investment in non-convertible debentures of Indian subsidiaries as part of its net investment in foreign operation. The Restricted Group II has considered these receivables as long-term receivables from foreign operations, as in view of the management, the settlement of these receivables is neither planned, nor likely to occur in the foreseeable future. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

e) Going Concern

The Directors have considered the financial position of the Restricted Group II, its cash position and forecast cash flows for the 12 months period from the date of these combined financial statements. The Directors have, at the time of approving the combined financial statements, a reasonable expectation that the Restricted Group II has adequate resources to continue its operational existence for a foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these combined financial statements.

Notes to the combined financial statements

6.2 Key sources of estimating uncertainty

a) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Restricted Group II uses its judgment to determine an appropriate method and make assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Restricted Group II for similar financial instruments.

b) Income taxes

The Restricted Group II is subject to income taxes in two jurisdictions viz., Indian and Mauritius income taxes. Significant judgment is required in determining provision for income taxes. The Restricted Group II recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) Contingencies

The Restricted Group II is involved in disputes, lawsuits, claims, governmental and/or regulatory proceedings that arise from time to time in the ordinary course of business. The Restricted Group II assess the need to make a provision for a liability for such claims and record a provision when the Restricted Group II determine that a loss related to a matter is both probable and reasonably estimable.

Because litigation and other contingencies are inherently unpredictable, the Restricted Group II's assessment can involve judgments about future events. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss are difficult to ascertain. This is due to a number of factors, including: the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. Consequently, in case of claims, where it is not possible to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceedings, the information with respect to the nature and facts of the case are disclosed.

d) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 3.6, the Restricted Group II tests annually whether goodwill has suffered any impairment. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including future operating margins and discount rates.

e) Useful life of depreciable assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Restricted Group II. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Restricted Group II's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer note 3.4 and 3.5 for estimated useful life.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

7. Intangible assets and goodwill

	Licences	Electricity PPAs	Goodwill	Total
Cost				
At 1 April 2016	**26,112,333**	**17,200,858**	**91,726,089**	**135,039,280**
Exchange differences	600,052	395,268	2,107,833	3,103,153
At 31 March 2017	**26,712,385**	**17,596,126**	**93,833,922**	**138,142,433**
Acquisition (Refer note 27)	5,412,384	-	527,487	5,939,871
Exchange differences	(55,512)	(54,109)	(285,948)	(395,569)
At 31 March 2018	**32,069,257**	**17,542,017**	**94,075,461**	**143,686,735**
Accumulated amortization				
At 1 April 2016	**190,598**	**1,106,399**	**-**	**1,296,997**
Charge for the year	587,470	3,408,059	-	3,995,529
Exchange differences	23,542	136,590	-	160,132
At 31 March 2017	**801,610**	**4,651,048**	**-**	**5,452,658**
Charge for the year	992,574	3,540,811	-	4,533,385
Exchange differences	(11,443)	(46,711)	-	(58,154)
At 31 March 2018	**1,782,741**	**8,145,148**	**-**	**9,927,889**
Net book value				
At 31 March 2018	**30,286,516**	**9,396,869**	**94,075,461**	**133,758,846**
At 31 March 2017	25,910,775	12,945,078	93,833,922	132,689,775

Amortization is included under 'Depreciation and amortization' in the statement of profit or loss. The average remaining amortization period for licences is 24.6 years and for electricity PPA is 2.7 years as at 31 March 2018.

The recoverable amount of a CGU is determined based on value-in-use calculations. As the Restricted Group II has long-term power purchase agreements with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the project.

The following are the key assumptions used in calculation of value-in-use for each cash generating unit:

a) **Gross margin** - The Restricted Group II has determined gross margin based on industry trends and the existing PPAs with the transmission companies and other customers. The PPA is a long-term contract with agreed price per unit of power sold, and the growth rates used are consistent with those contracts. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

b) **Other operating costs -** These costs are estimated using the historical performance and plant maintenance activity. The estimates of other operating costs used in value-in-use calculations are consistent with those used in the Restricted Group II's business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.

c) **Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 10% to 11%.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

8. Property, plant and equipment

	Land (including rights)	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Capital work-in-progress	Total
Cost							
At 1 April 2016	**3,480,029**	**10,342,703**	**312,243,077**	**346,402**	**160,152**	**210,005,563**	**536,577,926**
Additions	7,270,255	124,765,202	74,345,862	72,900	474,497	1,022,825	207,951,541
Disposals/Capitalisation	-	-	(91,454)	-	-	(203,464,232)	(203,555,686)
Exchange differences	301,979	4,047,590	9,551,815	10,186	18,170	(1,358,763)	12,570,977
At 31 March 2017	**11,052,263**	**139,155,495**	**396,049,300**	**429,488**	**652,819**	**6,205,393**	**553,544,758**
Additions	56,780	30,231	170,003	38,710	146,223	602,610	1,044,557
Acquisition (Refer note 27)	1,975,355	2,487,762	124,179,415	45,911	-	4,907,488	133,595,931
Disposals/Capitalisation	-	-	(71,671)	-	-	-	(71,671)
Exchange differences	(24,851)	(415,979)	(619,059)	(1,493)	(3,514)	1,570	(1,063,326)
At 31 March 2018	**13,059,547**	**141,257,509**	**519,707,988**	**512,616**	**795,528**	**11,717,061**	**687,050,249**
Accumulated depreciation							
At 1 April 2016	**-**	**118,356**	**3,299,633**	**27,619**	**11,700**	**-**	**3,457,308**
Depreciation	-	416,295	12,435,458	85,424	52,269	-	12,989,446
Exchange Difference	-	15,301	446,628	3,243	1,856	-	467,028
At 31 March 2017	**-**	**549,952**	**16,181,719**	**116,286**	**65,825**	**-**	**16,913,782**
Depreciation	-	4,134,982	17,743,971	94,799	80,576	-	22,054,328
Disposals	-	-	(5,647)	-	-	-	(5,647)
Exchange Differences	-	(39,482)	(209,647)	(1,225)	(949)	-	(251,303)
At 31 March 2018	**-**	**4,645,452**	**33,710,396**	**209,860**	**145,452**	**-**	**38,711,160**
Net book value							
At 31 March 2018	**13,059,547**	**136,612,057**	**485,997,592**	**302,756**	**650,076**	**11,717,061**	**648,339,089**
At 31 March 2017	11,052,263	138,605,543	379,867,581	313,202	586,994	6,205,393	536,630,976

During the year, the Restricted Group II has capitalised borrowing costs amounting to US$ Nil (31 March 2017: US$ 17,612,852) on qualifying assets. Note 25 (b) provide details of capital commitments outstanding as at 31 March 2018.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

9. Financial assets and liabilities

The accounting policies for financial instruments have been applied to the line items below:

31 March 2018

	Loans and receivables	Financial assets at FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	30,750	-	30,750
Other receivables (note 12)	177,798	-	177,798
Derivative financial assets	-	65,402,044	65,402,044
Current			
Bank deposits (note 15)	4,948,081	-	4,948,081
Trade receivables (note 11)	10,820,036	-	10,820,036
Other receivables (note 12)	2,439,819	-	2,439,819
Cash and cash equivalents (note 14)	31,587,484	-	31,587,484
Total	**50,003,968**	**65,402,044**	**115,406,012**

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 17)	578,246,520
Other financial liabilities	51,571,864
Current	
Borrowings (note 17)	9,892,989
Trade and other payables (note 16)	15,537,214
Other financial liabilities	16,270,000
Borrowings from unrestricted group, net	23,560,285
Total	**695,078,872**

31 March 2017

	Loans and receivables	Financial assets at FVTPL	Available for-sale	Total
Financial assets				
Non-current				
Bank deposits (note 15)	11,734	-	-	11,734
Other receivables (note 12)	182,397	-	-	182,397
Derivative financial assets	-	69,822,482	-	69,822,482
Current				
Available-for-sale financial assets (note 10)	-	-	902,147	902,147
Bank deposits (note 15)	30,204,607	-	-	30,204,607
Trade receivables (note 11)	15,887,272	-	-	15,887,272
Other receivables (note 12)	2,286,541	-	-	2,286,541
Cash and cash equivalents (note 14)	24,540,929	-	-	24,540,929
Total	**73,113,480**	**69,822,482**	**902,147**	**143,838,109**

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 17)	485,490,410
Other financial liabilities	63,250,638
Current	
Trade and other payables (note 16)	10,321,609
Other financial liabilities	16,270,000
Borrowings from unrestricted group, net	32,875,158
Total	**608,207,815**

The fair values of the borrowings are disclosed in Note 17.

The carrying amounts reported in the statement of financial position for cash and cash equivalents, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short maturity.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	65,402,044	-	**65,402,044**

31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial asset	902,147	-	-	**902,147**
Derivative financial assets	-	69,822,482	-	**69,822,482**

Measurement of fair value of financial instruments

The Restricted Group II's finance team performs valuations of financial items for financial reporting purposes in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Level 2 are described below:

Notes to the combined financial statements

Derivative financial assets (Level 2)

During the previous year the Company entered into forward exchange options to mitigate the foreign currency risks (Refer Note 5). The derivative asset associated with these option contracts are recognised at fair value at inception. Subsequent changes to the fair value of the financial asset from the date of inception till 31 March 2018 and 2017, have been charged to statement of profit or loss.

The fair value estimate has been determined considering inputs that include other than quoted prices of similar assets/industry that are indirect observables like interest rates, yield curves, implied volatilities and credit spreads.

10. Available-for-sale financial assets

	31 March 2018	31 March 2017
Beginning of the year	902,147	809,588
Redemption	(907,606)	-
Unrealised gains transferred to equity	-	73,954
Effect of exchange difference	5,459	18,605
End of the year	**-**	**902,147**

There are no impairment provisions on available-for-sale financial assets during the year. None of the financial assets is either past due or impaired. Available-for-sale financial assets include the following:

	31 March 2018	31 March 2017
Unlisted securities:		
— Units of open-ended mutual funds	-	902,147
	-	**902,147**

Available-for-sale financial assets are denominated in Indian Rupees. The maximum exposure to credit risk at the reporting date is the fair value of the units of mutual funds classified as available-for-sale.

11. Trade receivables

	31 March 2018	31 March 2017
Trade receivables	10,820,036	15,887,272
	10,820,036	**15,887,272**

Trade receivables include unbilled revenue of US$260,384 (31 March 2017: US$ 3,926,086) and not past due US$ 7,570,402 (31 March 2017: US$9,451,412).

All the trade receivables are short-term and their carrying values are considered a reasonable approximation of fair values.

Trade receivables that are outstanding for more than one month from due date are considered past due. As at 31 March 2018, trade receivables of US$2,989,250 (31 March 2017: US$2,509,774) were past due but not impaired.

The ageing analysis of past due but not impaired trade receivables as at the reporting date is as follows:

	31 March 2018	31 March 2017
1 to 6 months	1,508,424	726,719
6 to 9 months	258,087	855,700
9 to 12 months	911,663	924,142
Beyond 12 months	311,076	3,213
	2,989,250	**2,509,774**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Restricted Group II does not hold any collateral as security.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

12. Other receivables

	31 March 2018	31 March 2017
Other receivables	459,388	660,704
Advance for expenses	1,969,357	1,625,216
Sundry deposits	188,872	183,018
Total other receivables	**2,617,617**	**2,468,938**
Less: Non-current portion	(177,798)	(182,397)
Current portion	**2,439,819**	**2,286,541**

With the exception of the non-current portion of other receivables all amounts are short-term and their carrying values are considered a reasonable approximation of fair values.

13. Inventories

	31 March 2018	31 March 2017
Stores and consumables	721,539	568,910
	721,539	**568,910**

14. Cash and cash equivalents

	31 March 2018	31 March 2017
Cash on hand	23,118	62,989
Cash at bank	31,564,366	24,477,940
	31,587,484	**24,540,929**

Cash at bank includes US$8,660,236 (31 March 2017: 4,626,889) in currencies other than INR (i.e., in US$).

15. Bank deposits

The Restricted Group II holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months amounting to US$4,948,081 (31 March 2017: US$ 30,204,607) are classified as 'bank deposits'. Deposits with maturity date beyond 12 months from the reporting date amounting to US$30,750 (31 March 2017: US$11,734) are disclosed under non-current assets. Bank deposits aggregating to US$42,954 (31 March 2017: US$25,662) given as security.

16. Trade and other payables

	31 March 2018	31 March 2017
Trade payables	1,226,644	777,703
Capital creditors	9,123,376	6,283,859
Interest accrued but not due on borrowings	3,013,024	3,007,637
Other payables	2,174,170	252,410
Total trade and other payables	**15,537,214**	**10,321,609**

Other payables include accruals for expenses, statutory liabilities and other liabilities. All amounts are short term and the carrying values of trade and other payables are considered a reasonable approximation of fair value.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

17. Borrowings

The carrying amount of Restricted Group's borrowings, net of unamortised transaction costs/issue expenses, are as follows:

	31 March 2018	31 March 2017
Non-current		
Term loans from banks	16,945,572	-
Term loans from financial institutions and others	73,775,857	-
4.875% Senior Notes (Refer note 17.2)	487,525,091	485,490,410
	578,246,520	**485,490,410**
Current		
Term loans from banks	971,402	-
Term loans from financial institutions	4,309,041	-
Working capital loans from banks	4,612,546	-
	9,892,989	**-**
Total borrowings	**588,139,509**	**485,490,410**

17.1 All borrowings are classified as financial liabilities measured at amortized cost.

17.2 During the year 2017, Greenko Investment Company ("Greenko Investment"), raised funds to the tune of US$500,000,000 by issuing 4.875% US$ Senior Notes (the Senior Notes) to institutional investors in August 2016. The Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Investment is duly registered as Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 15 August 2023. The Senior Notes are secured by corporate guarantee of the parent and pledge of shares of Greenko Investment owned by Greenko Mauritius. Further, the assets of Indian subsidiaries have been pledged to secure non-convertible debentures by Indian subsidiaries through an Indian trustee.

17.3 Term loans from banks and financial institutions mature over the financial years 2019 to 2034 and bear floating rates of interest.

17.4 Term loans from banks and financial institutions are secured against first charge by way of hypothecation of all immovable properties including plant and machinery and all other movable properties both present and future of respective subsidiary. Borrowings are also secured by Corporate guaranty given by unrestricted entity and pledge of shares of the restricted entity. Working capital loans are secured by inventory and trade receivables of restricted entities.

17.5 The carrying amounts and fair value of the borrowings are as follows:

	31 March 2018		31 March 2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Term loans from banks	17,916,974	17,916,974	-	-
Term loans from financial institutions	78,084,898	78,084,898	-	-
4.875% Senior notes	487,525,091	487,525,091	485,490,410	485,490,410
Working capital loans	4,612,546	4,612,546	-	-

17.6 The carrying amounts of the Restricted Group II's borrowings are denominated in the following currencies:

	31 March 2018	31 March 2017
Indian Rupee	100,614,418	-
US$	487,525,091	485,490,410
	588,139,509	**485,490,410**

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

17.7 Reconciliation of liabilities arising from financing activities

				Non Cash changes		
	1-Apr-17	**Cash flows**	**Acquisition**	**Foreign Exchange movements**	**Amortisation of transaction costs**	**Closing balance**
Term loans and Senior notes	485,490,410	4,321,557	95,860,426	432,435	2,034,681	588,139,509
Borrowings from Unrestricted Group (Refer note 26)	32,875,158	(46,813,600)	37,516,920	(18,193)	-	23,560,285

18. Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities from the same taxation authority. The offset amounts are as follows:

	31 March 2018	**31 March 2017**
Deferred income tax liabilities		
— to be recovered after more than 12 months	22,476,901	19,213,474
— to be recovered within 12 months	-	-
	22,476,901	**19,213,474**

The movement in deferred income tax liabilities/(assets) during the year is as follows:

	Tangible assets	**Intangible assets**	**Total**
At 1 April 2016	**3,825,109**	**13,891,815**	**17,716,924**
Recognised in profit or loss	3,693,959	(2,638,972)	1,054,987
Exchange difference	202,920	238,643	441,563
At 31 March 2017	**7,721,988**	**11,491,486**	**19,213,474**
Acquisitions (Refer note 27)	1,402,318	1,393,689	2,796,007
Recognised in profit or loss	2,936,318	(2,417,271)	519,047
Exchange difference	(53,168)	1,541	(51,627)
At 31 March 2018	**12,007,456**	**10,469,445**	**22,476,901**

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits are probable.

Greenko investment Company is subject to Mauritius corporate tax at the standard rate of 15%, whereas the Indian entities this was in the range of 26.00% to 29.12%.

19. Revenue

	31 March 2018	**31 March 2017**
Sale of power	71,456,786	46,522,537
Generation based incentive	2,529,283	2,015,977
	73,986,069	**48,538,514**

20. Retirement benefit obligations

	31 March 2018	**31 March 2017**
Gratuity	156,171	128,314
Compensated absences	80,843	78,504
	237,014	**206,818**

The Restricted Group II makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Restricted Group II expects to contribute US$46,353 towards the gratuity plan in the year ending 31 March 2018.

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

21. Employee benefit expense

	31 March 2018	31 March 2017
Salaries and wages	2,709,487	1,040,346
Employee welfare expenses	156,737	17,119
Retirement benefits—defined contribution plans	95,716	42,713
Retirement benefits—defined benefit plans		
-Gratuity	45,536	26,509
-Compensated absences	18,036	-
	3,025,512	**1,126,687**

22. Finance income and costs

	31 March 2018	31 March 2017
Finance income		
Interest on bank deposits and others	1,660,175	1,434,328
	1,660,175	**1,434,328**
Finance cost		
Interest on borrowings	32,817,037	24,831,518
Derivative instruments charges	9,011,664	17,770,136
Bank charges	71,232	57,010
	41,899,933	**42,658,664**

23. Loan restructuring costs

During the previous year, the Company has raised 4.875% US$ denominated Senior Notes and invested the proceedings in INR Non-convertible debentures of restricted entities to enable repayment of existing rupee loans. Loan restructuring costs amounting to US$7,751,190 represents the cost of prepayment and unamortised transaction costs of existing Rupee Loans.

24. Income tax expense

	31 March 2018	31 March 2017
Current tax	3,329,178	739,423
Deferred tax (note 18)	519,047	1,054,987
	3,848,225	**1,794,410**

The tax on the Restricted Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Restricted Group as follows:

	31 March 2018	31 March 2017
Loss before income tax	(4,045,956)	(21,273,692)
Tax rate applicable to restricted entities in India	33.063%	33.063%
Expected tax expense	(1,337,714)	(7,033,721)
Adjustment for tax differences on account of tax holiday period and exempted tax rates	5,185,939	8,828,131
Tax charge	**3,848,225**	**1,794,410**

The tax rates used in computing the weighted average tax rate is the substantively enacted tax rate. In respect of the Restricted Group II this was in the range of 26.00% to 29.12% (31 March 2017: 25.75% to 33.06%)

The Restricted Group II engaged in power generation currently benefit from a tax holiday from the standard Indian corporate taxation for the year ended 31 March 2018. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these entities are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 20.59% (31 March 2017: 20.39%).

(All amounts in US Dollars unless otherwise stated)

Notes to the combined financial statements

25. Commitments and contingencies

a) Few of the Restricted Group II power generating units in India have various income tax disputes with the tax authorities. The Restricted Group II has appealed against the orders of the income tax officer/authority at appropriate levels. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US$210,409 (31 March 2017: US$211,058).

b) Capital commitments

Capital expenditure contracted for as at 31 March 2018 but not yet incurred aggregated to US$ 647,789 (31 March 2017: US$ Nil).

26. Related-party transactions

The Restricted Group II is controlled by Greenko Energy Holdings. The Restricted Group II entities have certain transactions with Greenko Energy Holdings and its subsidiaries (Unrestricted Group entities).

a. The details of the related party transactions with the Unrestricted Group are as follows:

	31 March 2018	31 March 2017
Loans repaid, net	46,795,407	83,876,599
Project Management fee	426,785	366,137

b. Balance receivable/(payable) from/to the Unrestricted Group:

	31 March 2018	31 March 2017
Balance payable	(26,311,623)	(34,386,582)
Balance receivable	2,751,338	1,511,424
Net Payable	**(23,560,285)**	**(32,875,158)**

c. The Parent has given corporate guarantee and Greenko Mauritius pledged the shares held in the Company for the Senior Notes aggregating to US$500,000,000 (Refer note 17.2).

27. Acquisition of Devarahipparigi Wind Power Private Limited

On 29 September 2017, Tanot Wind Power Ventures Private Limited ("Tanot"), one of the restricted group entities as described in Note 2 and Note 3 of these financial statements, acquired Devarahipparigi Wind Power Private Limited ("Devara") from Unrestricted Group entities, Greenko Wind Projects Private Limited ("Greenko Wind") and Guttaseema Wind Energy Company Private Limited ("Guttaseema"). Tanot, Devara, Greenko Wind and Guttaseema are under common control of Greenko Energy Holdings. Acquisition of Devara by Tanot falls within the ambit of common control transaction under IFRS 3 "Business Combinations". Accordingly, Restricted Group has acquired net assets of US$7,194,381 as against a consideration of US$2,431,151. The excess of net assets acquired over consideration paid of US$4,763,230 has been reflected as part of changes in Net Parent Investment.

	Amount
Property, plant and equipment	133,595,931
Net working capital	3,304,630
Borrowings from unrestricted entities	(37,516,920)
Intangible assets	5,939,871
Bank deposits	35,190
Cash and cash equivalents	492,112
Deferred income tax liabilities	(2,796,007)
Borrowings	(95,860,426)
Net assets acquired	**7,194,381**
Cash outflow on account of acquisition:	
Consideration paid	2,431,151
Less: Cash and cash equivalents at the time of acquisition	(492,112)
Net cash outflow	**1,939,039**

Notes to the combined financial statements

28. Segment reporting

The Restricted Group II has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8. The Restricted Group II operations predominantly relate to generation and sale of electricity. The chief operating decision maker evaluates the Restricted Group II performance and allocates resources based on an analysis of various performance indicators at operational unit level. Accordingly, there is only a single operating segment "generation and sale of electricity and related benefits". Consequently, no segment disclosures of the Restricted Group II are presented.

The Restricted Group II has majority of its assets located within India and earn its revenues from customers located in India.

Revenues from four major customers relating to power generating activities represent US$40,468,929 (31 March 2017: US$30,710,226) of the total revenue.

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GREENKO ENERGY HOLDINGS**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Greenko Energy Holdings (the Company) and its subsidiaries (together the Group), which comprise the consolidated statement of financial position as at 31 March 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 7 to 45.

In our opinion, these consolidated financial statements give a true and fair view of the consolidated financial position of Greenko Energy Holdings as at 31 March 2018 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors. The other information does not include the consolidated financial statements and our auditors' report thereon.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GREENKO ENERGY HOLDINGS

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information (continued)

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Directors' Responsibility for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

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Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

KPMG

KPMG
Ebène, Mauritius

Date: **29 July 2018**

(All amounts in US Dollars unless otherwise stated)

Consolidated statement of financial position

	Notes	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Intangible assets and goodwill	7	656,936,918	444,831,297
Property, plant and equipment	8	2,975,026,260	2,470,042,228
Equity-accounted investees	29	7,429,102	50,231,686
Bank deposits	15	41,608,261	52,771,551
Derivative financial assets	9	224,041,194	185,381,569
Other receivables	12	55,603,410	49,981,201
		3,960,645,145	**3,253,239,532**
Current assets			
Inventories	13	4,165,880	6,501,597
Trade receivables	11	131,814,839	103,186,029
Other receivables	12	102,863,325	48,624,226
Available-for-sale financial assets	10	1,076,727	1,993,880
Bank deposits	15	72,842,920	97,632,227
Current tax assets		5,291,789	3,870,506
Cash and cash equivalents	14	94,712,763	164,151,570
		412,768,243	**425,960,035**
Total assets		**4,373,413,388**	**3,679,199,567**
Equity and liabilities			
Equity			
Share capital	16	967,697,800	967,697,800
Currency translation reserve		36,964,977	48,042,120
Other reserves		(1,295,174)	(1,251,317)
Retained earnings/(deficit)		28,677,907	(5,596,949)
Equity attributable to owners of the Company		**1,032,045,510**	**1,008,891,654**
Non-controlling interests		(2,455,100)	(1,097,092)
Total equity		**1,029,590,410**	**1,007,794,562**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	21	2,185,879	1,914,946
Borrowings	18	2,590,137,612	2,005,297,158
Other financial liabilities	9	161,724,829	157,739,943
Deferred tax liabilities, net	19	203,604,201	126,086,210
Trade and other payables	17	34,161,637	22,166,076
		2,991,814,158	**2,313,204,333**
Current liabilities			
Borrowings	18	195,690,609	104,013,453
Trade and other payables	17	104,547,589	215,793,677
Other financial liabilities	9	49,320,033	36,934,000
Current tax liabilities		2,450,589	1,459,542
		352,008,820	**358,200,672**
Total liabilities		**3,343,822,978**	**2,671,405,005**
Total equity and liabilities		**4,373,413,388**	**3,679,199,567**

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

(All amounts in US Dollars unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	20	314,323,791	190,315,862
Other operating income		353,589	536,018
Cost of material and power generation expenses		(29,378,702)	(17,928,727)
Employee benefits expense	22	(13,892,576)	(11,004,991)
Other operating expenses		(31,149,937)	(17,941,675)
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	27	135,186,582	98,508,639
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**375,442,747**	**242,485,126**
Depreciation and amortisation	7&8	(101,122,048)	(65,928,217)
Operating profit		**274,320,699**	**176,556,909**
Finance income	23	5,554,325	5,382,618
Finance costs	23	(204,868,983)	(142,493,515)
Loan restructuring costs	24	(17,676,528)	(7,751,190)
		57,329,513	**31,694,822**
Share of loss from equity-accounted investees	29	(7,072,530)	(2,215,167)
Profit before taxation		**50,256,983**	**29,479,655**
Taxation	25	(17,394,718)	(1,167,385)
Profit for the year		**32,862,265**	**28,312,270**
Profit for the year attributable to:			
Owners of the Company		34,170,050	29,839,398
Non – controlling interests		(1,307,785)	(1,527,128)
		32,862,265	**28,312,270**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Unrealised gains on available-for-sale financial assets		(43,857)	95,716
Exchange differences on translating foreign operations		(11,077,143)	51,277,682
Total other comprehensive income		**(11,121,000)**	**51,373,398**
Total comprehensive income		**21,741,265**	**79,685,668**
Total comprehensive income attributable to:			
Owners of the Company		23,049,050	81,212,796
Non-controlling interests		(1,307,785)	(1,527,128)
		21,741,265	**79,685,668**

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

(All amounts in US Dollars unless otherwise stated)

Consolidated statement of changes in equity

	Ordinary shares	Currency translation surplus / (deficit)	Other reserves	Retained earnings / (deficit)	Total attributable to owners of Company	Non-controlling interests	Total equity
At 31 March 2016	**665,397,586**	**(3,235,562)**	**-**	**(35,436,347)**	**626,725,677**	**407,215**	**627,132,892**
Issue of Ordinary Shares	302,300,214	-	-	-	302,300,214	-	302,300,214
Acquisition of non-controlling interests	-	-	(1,347,033)	-	(1,347,033)	(16,090)	(1,363,123)
Issue of shares to non-controlling interests in subsidiaries	-	-	-	-	-	38,911	38,911
	302,300,214	**-**	**(1,347,033)**	**-**	**300,953,181**	**22,821**	**300,976,002**
Profit for the year	-	-	-	29,839,398	**29,839,398**	(1,527,128)	**28,312,270**
Unrealised gains on available-for-sale financial assets	-	-	95,716	-	**95,716**	-	**95,716**
Exchange differences on translating foreign operations	-	51,277,682	-	-	**51,277,682**	-	**51,277,682**
Total comprehensive income	-	51,277,682	95,716	29,839,398	**81,212,796**	(1,527,128)	**79,685,668**
At 31 March 2017	**967,697,800**	**48,042,120**	**(1,251,317)**	**(5,596,949)**	**1,008,891,654**	**(1,097,092)**	**1,007,794,562**
Issue of shares to non-controlling interests in subsidiaries	-	-	-	-	**-**	54,583	**54,583**
Share of retained earnings attributed to non-controlling interests in subsidiaries	-	-	-	104,806	**104,806**	(104,806)	**-**
	-	**-**	**-**	**104,806**	**104,806**	**(50,223)**	**54,583**
Profit for the year	-	-	-	34,170,050	**34,170,050**	(1,307,785)	**32,862,265**
Unrealised gains on available-for-sale financial assets, net	-	-	(43,857)	-	**(43,857)**	-	**(43,857)**
Exchange differences on translating foreign operations	-	(11,077,143)	-	-	**(11,077,143)**	-	**(11,077,143)**
Total comprehensive income	**-**	**(11,077,143)**	**(43,857)**	**34,170,050**	**23,049,050**	**(1,307,785)**	**21,741,265**
At 31 March 2018	**967,697,800**	**36,964,977**	**(1,295,174)**	**28,677,907**	**1,032,045,510**	**(2,455,100)**	**1,029,590,410**

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

Greenko Energy Holdings

(All amounts in US Dollars unless otherwise stated)

Notes to the consolidated financial statements

Consolidated cash flow statement

		Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**Cash flows from operating activities**			
	Profit before taxation		50,256,983	29,479,655
	Adjustments for			
	Depreciation and amortisation	7&8	101,122,048	65,928,217
	Finance income		(5,554,325)	(5,382,618)
	Finance costs		204,868,983	142,493,515
	Loan restructuring costs		17,676,528	7,751,190
	Share of loss from equity-accounted investees		7,072,530	2,215,167
	Excess of Group's interest in the fair value of acquiree's assets and liabilities over cost		(135,186,582)	(98,508,639)
	Changes in working capital			
	Inventories		2,442,182	(141,461)
	Trade and other receivables		(17,823,049)	(24,103,629)
	Trade and other payables		(4,014,550)	(91,770,230)
	Cash generated from operations		**220,860,748**	**27,961,167**
	Taxes paid		(6,968,635)	(8,606,513)
	Net cash from operating activities		**213,892,113**	**19,354,654**
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and capital expenditure, net		(125,173,399)	(464,497,227)
	Acquisition of business, net of cash and cash equivalents acquired (Refer note 27)		(30,428,154)	(51,276,687)
	Proceeds from sale of Investment in mutual funds		802,225	-
	Investment in Equity-accounted investees		(2,913,485)	(52,238,812)
	Advance for purchase of equity		(1,070,597)	(45,078,147)
	Advances (to)/from Equity-accounted investees, net		(129,429,458)	11,215,321
	Consideration paid for acquisitions made by subsidiaries		(1,131,584)	(260,401)
	Bank deposits		91,060,160	(103,384,433)
	Interest received		6,282,347	4,870,936
	Net cash used in investing activities		**(192,001,945)**	**(700,649,450)**
C.	**Cash flows from financing activities**			
	Proceeds from issue of shares		-	302,300,214
	Proceeds from non-controlling interests		54,583	38,911
	Proceeds from borrowings		1,172,818,507	1,085,333,737
	Repayment of borrowings		(1,037,342,263)	(428,595,770)
	Proceeds from capital subsidy		482,547	-
	Interest paid		(225,858,571)	(184,945,792)
	Net cash (used in) / from financing activities		**(89,845,197)**	**774,131,300**
	Net (decrease) / increase in cash and cash equivalents		**(67,955,029)**	**92,836,504**
	Cash and cash equivalents at the beginning of the year	14	164,151,570	71,754,254
	Exchange losses on cash and cash equivalents		(1,483,778)	(439,188)
	Cash and cash equivalents at the end of the year	14	**94,712,763**	**164,151,570**

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

Notes to the consolidated financial statements

1. General information

Greenko Energy Holdings ("the Company" or "Parent") is a company domiciled in Mauritius and registered as a company limited by shares under company number C130988 pursuant to the provisions of the Mauritius Companies Act 2001. The registered office of the Company is at 33, Edith Cavell Street, Port Louis, Mauritius. The Company was incorporated on 12 June 2015.

The principal activity of the company is that of investment holding.

The Company together with its subsidiaries are in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities, captive consumers, direct sales to private customers and other electricity transmission and trading companies in India through a mix of long-term power purchase agreements ("PPA"), short-term power supply contracts and spot markets of energy exchanges. The Group holds licence to trade up to 500 million units of electricity per annum in the whole of India except the state of Jammu and Kashmir. The Group is also a part of the Clean Development Mechanism ("CDM") process and generates and sells emissions reduction benefits such as Certified Emission Reductions ("CER") and Renewable Energy Certificates ("REC").

The Company together with its subsidiaries hereinafter referred to as "the Group".

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by International Accounting Standards Board ("IFRS"). The consolidated financial statements have been prepared under going concern principle using the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The accompanying consolidated financial statements as of 31 March 2018 and for the year ended thereof, as of 31 March 2017 and for the year ended thereof includes accounts of the Company and its subsidiaries.

The consolidated financial statements of the group are presented for a period of twelve months for the year ended 31 March 2018 and 31 March 2017.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the critical accounting estimates and judgments section (note 5).

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its return.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are any changes to one or more of the three elements of the control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give its power, including:

2. Summary of significant accounting policies (continued)
2.2 Consolidation (continued)

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holdings;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangement; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-Controlling Interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financials statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted/by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value at initial recognition for subsequent accounting under IAS 39 "Financial Instruments – Recognition and Measurement", or applicable the cost on initial recognition of an investment in an associate or a joint venture.

Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity-accounted investees are considered as deferred gain in these consolidated financial statements.

2. Summary of significant accounting policies (continued)

2.3 Business combination

The acquisition method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in profit or loss. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, previously held identifiable assets, liabilities and contingent liabilities of the acquired entity are revalued to their fair value at the date of acquisition, being the date at which the Group achieves control of the acquired entity. Further the equity interest previously held by the Group is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognised in the statement of profit or loss.

When the consideration transferred by the Group in the business combination included assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is qualified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the profit or loss.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements in each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in 'United States Dollar' ("$"), which is the Company's functional and presentation currency. The functional currency of Group's primary subsidiaries is Indian Rupee ("INR").

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to financial liabilities are presented in the income statement within "Finance costs".

2. Summary of significant accounting policies (continued)
2.4 Foreign currency translation (continued)

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented for each reporting date are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- resulting exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve within equity; and
- statement of cash flows is translated at average exchange rate for the period whereas cash and cash equivalents are translated at closing rate at the reporting date.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that are attributable to the non-controlling interests is derecognised and is not reclassified to profit or loss.

On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the end of each reporting date.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditure are charged to profit or loss during the period in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Asset category	Useful life
Buildings	30 – 35 years
Plant and machinery	20 – 36 years
Furniture, fixtures and equipment	5 – 10 years
Vehicles	10 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the period the item is derecognised.

In case of projects constructed on lease hold land, useful life is considered at primary lease period or estimated useful life whichever is earlier. Costs incurred for land rights are amortised over the period of primary lease. Capital work-in-progress comprises costs of property, plant and equipment that are under construction and not yet ready for their intended use at the reporting date and the outstanding advances given for construction of such property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2. Summary of significant accounting policies (continued)

2.6 Intangible assets

a) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Other intangibles

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortisation and any impairment in value. The intangible assets are amortised over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Asset category	Useful life
Licences	14 – 40 Years
Development fee	25 Years
Power purchase agreements ("PPA")	5 - 25 Years

Amortisation of intangible assets is included within 'Depreciation and amortisation'.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested for impairment annually, or more frequently when there is an indication that the asset may be impaired. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of the money and risk specific to the asset or CGU. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Impairment of non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise.
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial asset.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-derivative financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

2.9 Financial assets

The Group classifies its financial assets (non-derivative financial assets) in the following categories: loans and receivables, financial assets at fair value through profit and loss (FVTPL) and available for sale. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair value of the investment in mutual fund units is based on the net asset value publicly made available by the respective mutual fund managers. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 2.13.

The Group derecognises a financial asset only 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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in profit or loss.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, bank deposits and cash and cash equivalents in the statement of financial position (notes 2.13, 2.14 and 2.15). Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

b) Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into FVTPL category. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Transactions costs which are directly attributable to financials assets at FVTPL is recognised in profit or loss.

2. Summary of significant accounting policies (continued)
2.9 Financial assets (continued)

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated in “other reserves”. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised as other comprehensive income are included in the profit or loss. Dividends on available-for-sale mutual fund units are recognised in the profit or loss as a part of other income.

2.10 Financial liabilities and equity instruments

2.10.1 Classification as debt or equity

Debt and equity instruments issued by the group entity 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.

2.10.2 Equity instruments

An equity instruments 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 Group entity is recognised at the proceeds received, net of direct issue costs.

2.10.3 Financial liabilities

Financial liabilities are classified as either ‘Fair value through profit and loss (FVTPL)’ or ‘other financial liabilities’.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when liabilities are classified as FVTPL when held-for-trading or is designated as such on initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 9. The Group does not have any financial liabilities classified or designated as FVTPL.

Other financial liabilities

Other financial liabilities (including borrowings, other financial liabilities and trade and other payables) are initially measured at fair value less any transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments (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 financial liability, to the net carrying amount on initial recognition.

2. Summary of significant accounting policies (continued)

2.10 Financial liabilities and equity instruments (continued)

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.11 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts. Further details of derivative financials instruments are disclosed in note 9.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.11.1 Embedded derivatives

Derivatives embedded in non-derivative host contracts are traded as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not, measured at FVTPL.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

2.11.2 Compound instruments

The compound parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments are equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity as determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital / share premium. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to other reserves in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allotted to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.12 Inventories

a) Raw material, stores and consumables

Inventories of raw material, stores and consumables are valued at the lower of cost and net realisable value. Cost includes expenses incurred in bringing each product to its present location and condition and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2. Summary of significant accounting policies (continued)

2.12 Inventories (continued)

b) Renewable Energy Certificates ("REC")

Inventories of REC are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Electricity and RECs are treated as joint products, as they are generated simultaneously. Cost of generation is allocated in the ratio of relative net sale value of the products. Cost comprises all production, acquisition and conversion costs and is aggregated on a weighted average basis. To the extent that any impairment arises, losses are recognised in the period they occur. The costs associated with generating inventories are charged to the profit or loss in the same period as the related revenues are recognised.

2.13 Trade and other receivables

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost using the effective interest method, net of provision for impairment. Trade receivables are shown inclusive of unbilled amounts to customers. The carrying amounts, net of provision for impairment, reported in the statement of financial position approximate the fair value due to their short realisation period. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the receivables' original effective interest rate. The amount of the provision is recognised in the profit or loss.

2.14 Bank deposits

Bank deposits represent term deposits placed with banks earning a fixed rate of interest. Bank deposits with maturities of less than a year are disclosed as current assets and more than one year as non-current assets. At the reporting date, these deposits are measured at amortised cost using the effective interest method. Cash and cash equivalents which are pledged with the banks for availing term loans are classified as part of bank deposits.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value. Bank overdrafts that are an integral part of cash management and where there is a legal right of set–off against positive cash balances are included in cash and cash equivalents.

2.16 Equity

Ordinary shares are classified as equity and represent the nominal value of shares that have been issued.

Retained earnings include current period profits.

All transactions with owners of the Parent are recorded separately within equity.

Other reserves include all other transactions with the owners in their capacity as owners, impact of changes in the ownership interest do not result in loss of control and fair value adjustments.

Currency translation reserve – represents foreign currency translation differences arising on the translation of the Group's foreign entities.

Incremental costs directly attributable to the issue of ordinary shares are recognised as deduction from equity.

2. Summary of significant accounting policies (continued)

2.17 Taxation

Taxation comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.18 Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group. The Group also operates retirement benefit plans for its employees.

a) Gratuity plan

The Gratuity Plan is a defined benefit plan that, at retirement or termination of employment, provides eligible employees with a lump sum payment, which is a function of the last drawn salary and completed years of service. The liability recognised in the statement of financial position in respect of the gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined

2. Summary of significant accounting policies (continued)

2.18 Employee benefits (continued)

a) Gratuity plan (continued)

benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government of India securities that have terms to maturity approximating to the terms of the related gratuity liability.

Re-measurement, comprising actuarial gain and losses, the effect of changes to the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

b) State administered Provident Fund

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligation under the Provident Fund beyond its contribution, which is expensed when accrued.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

a) Sale of electricity

Revenue from the sale of electricity is recognised on the basis of the number of units of power exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the power purchase agreement/feed-in-tariff policy/market rates as applicable less the wheeling and banking charges applicable if any. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when there is no uncertainty associated with the collectability of this claims.

b) Sale of REC

Revenue from sale of RECs is recognised after registration of the project with central and state government authorities, generation of power and execution of a contract for sale through recognised energy exchanges in India.

c) Generation Based Incentive (GBI)

Revenue from GBI is recognised based on the number of units exported and if the eligibility criteria is met in accordance with the guidelines issued by regulatory authority for GBI Scheme.

2.21 Finance income

Interest income is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

2. Summary of significant accounting policies (continued)

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

2.24 Presentation of 'EBITDA' on the statement of profit or loss

The Group has included a sub-total 'Earnings before interest, tax, depreciation and amortisation' (EBITDA) in the statement of profit or loss. The Directors believes that EBITDA is meaningful for investors because it provides an analysis of the Group's operating results, profitability and ability to service debt and because EBITDA is used by the Group's chief operating decision makers to track the Group's business evolution, establish operational and strategic targets and make important business decisions. EBITDA is calculated as earnings before interest, taxes depreciation and amortisation.

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Group may be different from the calculations of similarly labelled measures used by other companies and it should therefore not be used to compare one company against another or as a substitute for analysis of the Group's operating results as reported under IFRS. EBITDA is not a direct measure of the Group's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Group's financial commitments.

3. Recent Accounting Pronouncements

Standards issued but not yet effective and not early adopted by the Group

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The new revenue recognition standard was issued with an effective date of January 1, 2017. However, in April 2015, the IASB voted to defer the effective date of the new revenue recognition standard to January 1, 2018. Early application of the new standard is permitted.

The Group plans to adopt the new standard on the required effective date and the adoption of IFRS 15 does not have any significant impact on the Group's recognition of revenues from sale of energy.

IFRS 9, Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, "Financial instruments". IFRS 9 significantly differs from IAS 39, "Financial Instruments: Recognition and Measurement", and includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The new Standard will impact the measurement of impairment of certain financial assets on account of "expected loss" model and additional disclosures for Group's financial instruments.

3. Recent Accounting Pronouncements (continued)
Standards issued but not yet effective and not early adopted by the Group (continued)

IFRS 16, Leases

In January 2016, the IASB issued a new standard, IFRS 16, "Leases". The new standard will eliminate the classification of leases as either operating or financial leases with all leases being recognised on the balance sheet date unless they qualify for exemptions. This will result in previously recognised operating leases being treated as property, plant and equipment along with a leasing creditor. The introduction of this standard will increase the value of property, plant and equipment and the leasing liability on the balance sheet but is unlikely to have a material effect on the profit in any year.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC Interpretation 22, "Foreign Currency Transactions and Advance Consideration," which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

IFRIC Interpretation 22 is effective for annual reporting periods beginning on or after January 1, 2018. The Group believes that the adoption of IFRIC 22 does not have a material impact on its consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax treatments

On June 7, 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments.

IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. An entity can, on initial application, elect to apply this interpretation either:
_ retrospectively applying IAS 8, if possible without the use of hindsight; or
_ retrospectively, with the cumulative effect of initially applying the interpretation recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

The Group is in the process of evaluating the impact of IFRIC 23 on the consolidated financial statements and the period of adoption.

New standards, interpretations and amendments effective and adopted for financial year 31 March 2018

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendment to IAS 7, 'statement of cash flows' are part of the IASB's disclosures initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a Group's debt. The Group's liabilities arising from financing activities consists of borrowings. A reconciliation between the opening and the closing balance of these items has been disclosed in note 18.6. Apart from the disclosure mentioned, the application of these amendments had no impact on the Group's financial position or performance.

4. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The financial instruments of the Group, other than derivatives, comprise bank borrowings, term loans from financial institutions, senior notes, notes, cash and cash equivalents, bank deposits, trade and other receivables, available for sale investments, trade and other payables.

4.1. Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated into: a) Foreign exchange risk and b) Interest rate risk

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Group are conducted in functional currency of its subsidiaries. The Indian entities having INR as functional currency has no significant transactions in currency other than INR. The group's foreign exchange risk arises from debt investments made in Indian operations. Consequently the group use derivative financial instruments such as foreign exchange option and forward contracts to mitigate the risk of changes in foreign currency exchange rates.

The translation of INR subsidiaries into USD for the consolidated financial statements of Group is only for the purpose of converting the financial statements into presentation currency and the currency differences are taken to OCI. This does not impact the Group's cash flow.

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 market interest rates. As the Group has no significant interest-bearing assets other than investment in bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group considers the impact of fair value interest rate risk on investment in bank deposits are not material. The Group's interest rate risk arises from borrowings. A significant portion the Group's borrowing carries fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Group. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate profile of the Group's interest bearing borrowings are given in note 18.1.

A reasonably possible change of variable interest rates on borrowings by 50 basis points higher or lower, the post-tax profit/loss for the period would have been lower or higher by US$3,187,769 (31 March 2017: US$1,447,782,). This analysis assumes that all other variables remain constant.

4.2. Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The carrying amount's of financial assets represent the maximum credit exposure. The Group's credit risk arises from accounts receivable balances on sales to customers. In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty (non-government) or any group of counterparties having similar characteristics. Significant portion of the Group's revenue is derived from sales to state owned utilities and corporations under long-term power purchase agreements and hence, potential risk of default is predominantly a governmental one. The Group's also has trade receivables due from private parties. The Group is paid monthly by the customers for electricity sales. The Group assesses the credit quality of the purchaser based on its financial position and other information (Refer Note 11 for details). The maximum exposure to credit risk for available-for-sale financial assets, bank deposits and bank balances at the reporting date is the fair value of the amount disclosed in note 10, 14 and 15 respectively.

The Group maintains banking relationships with only creditworthy banks which it reviews on an on–going basis. The Group enters into derivative financial instruments where the counter-party is generally a bank. Consequently, the credit risk on the derivatives and bank deposits is not considered material.

(All amounts in US Dollars unless otherwise stated)

4. Financial risk management (continued)

4.3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and maintaining adequate credit facilities.

The Group intends to be acquisitive in the immediate future. In respect of its existing operations, the Group funds its activities primarily through long-term loans secured against each power plant. The Group's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level.

In respect of each acquisition, the Group prepares a model to evaluate the necessary funding required. The Group's strategy is to primarily fund such acquisitions by assuming debt in the acquired companies. In relation to the payment towards equity component of companies to be acquired, the Group ordinarily seeks to fund this by the injection of external funds by debt or equity.

The Group has identified a large range of acquisition opportunities which it is continually evaluating and which are subject to constant change. In respect of its overall business, the Group therefore does not, at the current time, maintain any overall liquidity forecasts. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and the data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

The amounts disclosed in the table represent the maturity profile and are the contractual undiscounted cash flows.

As at 31 March 2018:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	2,785,828,221	195,998,538	94,568,697	682,473,698	1,846,484,031	2,819,524,964
- Interest	-	167,602,608	182,793,760	489,157,411	416,543,323	1,256,097,102
Trade and other payables	138,709,226	104,547,589	155,289	34,006,348	-	138,709,226
Other liabilities	211,044,862	49,320,033	45,795,248	116,960,358	30,625,000	242,700,639
Total	**3,135,582,309**	**517,468,768**	**323,312,994**	**1,322,597,815**	**2,293,652,354**	**4,457,031,931**

As at 31 March 2017:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	2,109,310,611	104,347,293	73,634,996	1,026,495,147	945,810,751	2,150,288,187
- Interest	-	180,832,301	169,739,544	391,525,027	300,990,927	1,043,087,799
Trade and other payables	237,959,753	215,793,677	155,768	22,010,308	-	237,959,753
Other liabilities	194,673,943	38,866,681	36,373,000	96,739,000	47,586,000	219,564,681
Total	**2,541,944,307**	**539,839,952**	**279,903,308**	**1,536,769,482**	**1,294,387,678**	**3,650,900,420**

The entities forming part of the group, generate their own independent cash flows and while determining projected net cash flows, management used certain assumptions based on its current and future operations. The projected cash flows of these entities are based on the capacity utilisation and net cash generated from the existing projects, technical report for wind, hydro and solar and long-term power purchase agreements entered for the projects which in the process of commencement of commercial production.

The net cash flows expected to be generated from the projects shall be sufficient to meet the Group's operating and finance costs for the next 12 months.

5. Critical accounting judgements and key sources of estimating uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources.

5.1. Critical judgments in applying the accounting policies

a) Application of business combination accounting rules, including identification and valuation of intangible assets acquired in a business combination

The Group allocates the purchase price of the acquired companies to the tangible, intangible and other assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Group to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets.

b) Application of lease accounting rules

Significant judgment is required to apply lease accounting rules under IFRIC 4 "Determining whether an Arrangement contains a Lease" and IAS 17 "Leases". In assessing the applicability to arrangements entered into by the Group, management has exercised judgment to evaluate customer's right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under IFRIC 4.

c) Application of interpretation for service concession arrangements

Management has assessed applicability of IFRIC 12: Service Concession Arrangements for certain arrangements that are part of business combinations. In assessing the applicability the management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices, useful life etc., in concluding that the arrangements do not meet the criteria for recognition as service concession arrangements.

d) Assessment of long-term receivables from foreign operations

The Group has considered its investment in non-convertible debentures of Indian subsidiaries as part of its net investment in foreign operations. The Group has considered these receivables as long-term receivables from foreign operations, as in view of the management, the settlement of these receivables is neither planned, nor likely to occur in the foreseeable future. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

5.2. Key sources of estimating uncertainty

a) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to determine an appropriate method and make assumptions that are based on market conditions existing at each reporting date.

The carrying value of trade receivables and payables are assumed to approximate their fair values due to the short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

b) Taxation

The Group is subject to income taxes in multiple jurisdictions. Significant judgment is required in determining provision for income taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Critical accounting judgements and key sources of estimating uncertainty (continued)

5.2 Key sources of estimating uncertainty (continued)

c) Contingencies

The Group is involved in disputes, lawsuits, claims, governmental and/or regulatory proceedings that arise from time to time in the ordinary course of business. The Group assesses the need to make a provision for a liability for such claims and record a provision when the Group determines that a loss related to a matter is both probable and reasonably estimable.

Because litigation and other contingencies are inherently unpredictable, the Group's assessment can involve judgments about future events. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss are difficult to ascertain. This is due to a number of factors, including: the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. Consequently, in case of claims, where it is not possible to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceedings, the information with respect to the nature and facts of the case are disclosed.

d) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 2.7, the Group tests annually whether goodwill has suffered any impairment. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including future operating margins and discount rates.

e) Useful life of depreciable assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Refer note 2.5 and 2.6 for estimated useful life.

f) Going concern

The Directors have considered the financial position of the Group, its cash position and forecast cash flows for the 12 months period from the date of these consolidated financial statements. The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue its operational existence for a foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

(All amounts in US Dollars unless otherwise stated)

6. Subsidiaries

6.1. Principal subsidiaries

Set out below are the details of the Group's material subsidiaries at the end of reporting periods. Unless otherwise stated, the subsidiaries as listed below have share capital consisting of ordinary shares which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group. The country of incorporation or registration is also their principal place of business.

	Country of incorporation	Principal business	Holding as at 31 March 2018	Holding as at 31 March 2017
Greenko Mauritius	Mauritius	Intermediate holding company	100%	100%
Greenko Investment Company	Mauritius	Intermediate financing company	100%	100%
Greenko Dutch B.V.	Netherlands	Intermediate financing company	100%	100%
Greenko Energies Private Limited	India	Indian holding company	100%	100%
Animala Wind Power Private Limited	India	Generation of power	100%	100%
Axis Wind Farms (MPR Dam) Private Limited	India	Generation of power	74%	74%
Devarahipparigi Wind Power Private Limited	India	Generation of power	100%	100%
Fortune Five Hydel Projects Private Limited	India	Generation of power	100%	100%
Greenko Budhil Hydro Power Private Limited	India	Generation of power	100%	100%
Greenko Rayala Wind Power Private Limited	India	Generation of power	100%	100%
Ratnagiri Wind Power Projects Private Limited	India	Generation of power	100%	100%
Saipuram Wind Energies Private Limited	India	Generation of power	100%	100%
SEI Adhavan Power Private Limited	India	Generation of power	100%	100%
SEI Kathiravan Power Private Limited	India	Generation of power	100%	100%
SEI Phoebus Private Limited	India	Generation of power	100%	100%
Sneha Kinetic Power Projects Private Limited	India	Generation of power	100%	100%
Tanot Wind Power Ventures Private Limited	India	Generation of power	100%	100%
Vyshali Energy Private Limited	India	Generation of power	74%	74%

(All amounts in US Dollars unless otherwise stated)

6. Subsidiaries (continued)

6.2. Composition of the Group

In addition to above material subsidiaries, the Group has 131 (31 March 2017: 111) subsidiaries based in India and 6 (31 March 2017: 6) subsidiaries incorporated and based in Mauritius. The principal activity of Indian subsidiaries is owning, developing, constructing, operating and maintaining power projects. The Mauritian subsidiaries are primarily intermediate holding companies and intermediate financing companies.

Set out below are the details of the Group's significant equity-accounted investee of reporting periods.

		% of equity holding	
		31 March 2018	**31 March 2017**
1.	Aarish Solar Power Private Limited	-	49%
2.	Aashman Energy Private Limited	-	49%
3.	Divyesh Power Private Limited	-	49%
4.	Elena Renewable Energy Private Limited	-	49%
5.	Pratyash Renewable Private Limited	-	49%
6.	SEI Baskara Power Private Limited	-	49%
7.	SEI Enerstar Renewable Energy Private Limited	-	49%
8.	SEI Mihir Energy Private Limited	-	49%
9.	Shreyas Renewable Energy Private Limited	-	49%
10.	Zuvan Energy Private Limited	-	49%
11.	Jilesh Power Private Limited	49%	49%
12.	Zuka Power Private Limited	49%	49%
13.	SEI Green Flash Private Limited	49%	49%
14.	SEI Arushi Private Limited	49%	49%

In addition to the above material associates, the Group also has 11 (31 March 2017: 11) associates based in India. Refer note 27(a) for details of business combinations during the year.

6.3. Restrictions

The Group has assets and liabilities in multiple jurisdictions held by various subsidiaries. There are certain restrictions on inter-se transfer/settlement of liabilities and movement of funds among subsidiaries in India. Further as per governmental regulations, there are certain restrictions on transfer of assets outside India.

7. Intangible assets and goodwill

	Licences	Electricity PPAs	Development fees	Goodwill	Total
At 01 April 2016	**129,796,735**	**21,165,808**	**-**	**249,712,009**	**400,674,552**
Acquisition through business combination (Refer Note 27)	3,607,834	31,280,311	-	3,802,731	38,690,876
Additions	4,000,000	-	-	-	4,000,000
Exchange differences	3,083,951	1,364,391	-	5,845,032	10,293,374
At 31 March 2017	**140,488,520**	**53,810,510**	**-**	**259,359,772**	**453,658,802**
Acquisition through business combination (Refer Note 27)	-	190,565,964	35,661,691	120,361	226,348,016
Exchange differences	(419,707)	(408,196)	-	(798,502)	(1,626,405)
At 31 March 2018	**140,068,813**	**243,968,278**	**35,661,691**	**258,681,631**	**678,380,413**
Accumulated amortisation					
At 01 April 2016	**638,854**	**1,393,177**	**-**	**-**	**2,032,031**
Charge for the year	1,885,612	4,664,218	-	-	6,549,830
Exchange differences	72,120	173,524	-	-	245,644
At 31 March 2017	**2,596,586**	**6,230,919**	**-**	**-**	**8,827,505**
Charge for the year	6,603,229	6,119,199	-	-	12,722,428
Exchange differences	(31,811)	(74,627)	-	-	(106,438)
At 31 March 2018	**9,168,004**	**12,275,491**	**-**	**-**	**21,443,495**
Net book values					
At 31 March 2018	**130,900,809**	**231,692,787**	**35,661,691**	**258,681,631**	**656,936,918**
At 31 March 2017	137,891,934	47,579,591	-	259,359,772	444,831,297

(All amounts in US Dollars unless otherwise stated)

7. Intangible assets and goodwill (continued)

Amortisation charges are included under 'Depreciation and amortisation' in the statement of profit or loss and other comprehensive income. The average remaining amortisation period for licences is 27.28 years and for electricity PPA is 20.30 years.

Goodwill acquired through business combination has been allocated to each individual power generation unit as cash generating unit ("CGU"). A CGU level summary of goodwill is presented below:

	31 March 2017	Acquisition through business combination	Exchange difference	31 March 2018
Greenko Rayala Wind Power Company Private Limited	35,232,894	-	(108,343)	35,124,551
Sneha Kinetic Power Projects Private Limited	32,669,698	-	(100,460)	32,569,238
Tanot Wind Power Ventures Private Limited	25,054,457	-	(77,043)	24,977,414
Ratnagiri Wind Power Projects Private Limited	24,220,779	-	(74,479)	24,146,300
Fortune Five Hydel Projects Private Limited	23,027,241	-	(70,809)	22,956,432
Vyshali Energy Private Limited	19,429,298	-	(59,746)	19,369,552
Greenko Budhil Hydro Power Private Limited	17,472,686	-	(53,729)	17,418,957
Greenko Bagewadi Energies Private Limited	6,809,268	-	(20,938)	6,788,330
Swasti Power Private Limited	4,920,574	-	(15,131)	4,905,443
Gangadhari Hydro Power Private Limited	3,909,470	-	(12,021)	3,897,449
Multiple units without significant goodwill	66,613,407	120,361	(205,803)	66,527,965
	259,359,772	**120,361**	**(798,502)**	**258,681,631**

The recoverable amount of a CGU is determined based on value-in-use calculations. As the Group has long-term power purchase agreements with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the project.

The following are the key assumptions used in calculation of value-in-use for each cash generating unit:

a) **Gross margin** - The Group has determined gross margin based on industry trends and the existing PPAs with the transmission companies and other customers. The PPA is a long-term contract with agreed price per unit of power sold, and the growth rates used are consistent with those contracts. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

b) **Other operating costs -** These costs are estimated using the historical performance and plant maintenance activity. The estimates of other operating costs used in value-in-use calculations are consistent with those used in the Group's business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.

c) **Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 10% to 11%.

(All amounts in US Dollars unless otherwise stated)

8. Property, plant and equipment

	Land (including rights)	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Capital work-in-progress	Total
Cost							
At 01 April 2016	23,905,372	139,736,066	923,959,160	2,293,133	1,008,866	353,792,965	1,444,695,562
Acquisition through business combination (Refer Note 27)	17,476,562	36,675,935	333,416,105	48,722	287	100,734,404	488,352,015
Additions	20,174,951	135,752,956	659,627,023	2,726,694	1,971,748	511,645,329	1,331,898,701
Disposals/capitalisation	-	(661,322)	(490,460)	-	(11,750)	(780,571,871)	(781,735,403)
Exchange differences	1,655,964	8,365,799	50,588,865	137,327	83,044	2,494,229	63,325,228
At 31 March 2017	**63,212,849**	**319,869,434**	**1,967,100,693**	**5,205,876**	**3,052,195**	**188,095,056**	**2,546,536,103**
Acquisition through business combination (Refer Note 27)	2,642,918	10,183,287	557,282,288	606,881	91,052	106,762	570,913,188
Additions	1,672,887	1,869,091	21,645,042	2,099,191	1,262,133	19,697,709	48,246,053
Disposals/capitalisation	(398,395)	-	(71,671)	(37,870)	(24,778)	(17,872,211)	(18,404,925)
Exchange differences	(217,377)	(1,004,043)	(6,625,678)	(32,660)	(19,287)	(555,210)	(8,454,255)
At 31 March 2018	**66,912,882**	**330,917,769**	**2,539,330,674**	**7,841,418**	**4,361,315**	**189,472,106**	**3,138,836,164**
Accumulated depreciation							
At 01 April 2016	-	1,500,056	13,108,458	184,765	93,883	-	14,887,162
Charge for the year	-	6,642,577	52,075,589	430,375	229,846	-	59,378,387
Disposals	-	-	(3,121)	-	(1,905)	-	(5,026)
Exchange differences	-	232,370	1,974,154	17,625	9,203	-	2,233,352
At 31 March 2017	**-**	**8,375,003**	**67,155,080**	**632,765**	**331,027**	**-**	**76,493,875**
Charge for the year	1,922	9,549,000	77,335,234	997,696	515,768	-	88,399,620
Disposals	-	-	(5,647)	(2,886)	(7,779)	-	(16,312)
Exchange differences	(15)	(113,136)	(937,458)	(11,020)	(5,650)	-	(1,067,279)
At 31 March 2018	**1,907**	**17,810,867**	**143,547,209**	**1,616,555**	**833,366**	**-**	**163,809,904**
Net book values							
At 31 March 2018	**66,910,975**	**313,106,902**	**2,395,783,465**	**6,224,863**	**3,527,949**	**189,472,106**	**2,975,026,260**
At 31 March 2017	63,212,849	311,494,431	1,899,945,613	4,573,111	2,721,168	188,095,056	2,470,042,228

Certain borrowings at project level are secured against the present and future moveable and immovable assets of the project. During the year, the Group has capitalised borrowing costs amounting to US$ 4,792,368 (31 March, 2017: US$49,151,395) on qualifying assets during construction. The weighted average of the borrowing costs applicable to general borrowings is 10.45%. Note 26 (g) provide details of capital commitments outstanding as at 31 March 2018.

(All amounts in US Dollars unless otherwise stated)

9. Financial assets and liabilities

The accounting policies for financial instruments have been applied to the line items below:

31 March 2018

	Loans and receivables	Financial assets at FVTPL	Available for-sale	Total
Financial assets				
Non-current				
Bank deposits (note 15)	41,608,261	-	-	41,608,261
Other receivables (note 12)	55,603,410	-	-	55,603,410
Derivative financial assets	-	224,041,194	-	224,041,194
Current				
Available-for-sale financial assets (note 10)	-	-	1,076,727	1,076,727
Bank deposits (note 15)	72,842,920	-	-	72,842,920
Trade receivables (note 11)	131,814,839	-	-	131,814,839
Other receivables (note 12)	102,863,325	-	-	102,863,325
Cash and cash equivalents (note 14)	94,712,763	-	-	94,712,763
Total	**499,445,518**	**224,041,194**	**1,076,727**	**724,563,439**

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 18)	2,590,137,612
Trade and other payables (note 17)	34,161,637
Other financial liabilities	161,724,829
Current	
Borrowings (note 18)	195,690,609
Trade and other payables (note 17)	104,547,589
Other financial liabilities	49,320,033
Total	**3,135,582,309**

31 March 2017

	Loans and receivables	Financial assets at FVTPL	Available for-sale	Total
Financial assets				
Non-current				
Bank deposits (note 15)	52,771,551	-	-	52,771,551
Other receivables (note 12)	49,981,201	-	-	49,981,201
Derivative financial assets	-	185,381,569	-	185,381,569
Current				
Available-for-sale financial assets (note 10)	-	-	1,993,880	1,993,880
Bank deposits (note 15)	97,632,227	-	-	97,632,227
Trade receivables (note 11)	103,186,029	-	-	103,186,029
Other receivables (note 12)	48,624,226			48,624,226
Cash and cash equivalents (note 14)	164,151,570	-	-	164,151,570
Total	**516,346,804**	**185,381,569**	**1,993,880**	**703,722,253**

(All amounts in US Dollars unless otherwise stated)

9. Financial assets and liabilities (continued)
31 March 2017 (continued)

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 18)	2,005,297,158
Trade and other payables (note 17)	22,166,076
Other financial liabilities	157,739,943
Current	
Borrowings (note 18)	104,013,453
Trade and other payables (note 17)	215,793,677
Other financial liabilities	36,934,000
Total	**2,541,944,307**

The fair values of the borrowings are disclosed in Note 18.

The carrying amounts reported in the statement of Group financial position for cash and cash equivalents, trade and other receivables, trade and other payables approximate their respective fair values due to their short maturity.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018

31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Available- for- sale financial asset	1,076,727	-	-	**1,076,727**
Derivative financial assets	-	224,041,194	-	**224,041,194**

31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Available- for- sale financial asset	1,993,880	-	-	**1,993,880**
Derivative financial assets	-	185,381,569	-	**185,381,569**

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Level 2 are described below:

Derivative financial assets (Level 2)

During the year the Group entered into forward contracts to mitigate the foreign currency risks (Refer Note 4.1). The derivative asset associated with these contracts are recognised at fair value at inception. Subsequent changes to the fair value of the financial asset from the date of inception till 31 March 2018, have been charged to statement of profit or loss.

The fair value estimate has been determined considering inputs that include other than quoted prices of similar assets/industry that are indirect observables like interest rates, yield curves, implied volatilities and credit spreads.

10. Available-for-sale financial assets

	31 March 2018	31 March 2017
Beginning of the year	1,993,880	902,305
Acquired through business combination	-	900,090
Dividend reinvestment	95,716	48,296
Redemption	(971,695)	-
Effect of exchange difference	2,683	47,473
Unrealised (losses)/ gains	(43,857)	95,716
At the end of the year	**1,076,727**	**1,993,880**
Less: Non-current portion	-	-
Current portion	**1,076,727**	**1,993,880**

There are no impairment provisions on available-for-sale financial assets during the period. None of the financial assets is either past due or impaired. Available-for-sale financial assets include the following:

	31 March 2018	31 March 2017
Unlisted securities:		
— Units of open-ended mutual funds	1,076,727	1,993,880
	1,076,727	**1,993,880**

Available-for-sale financial assets are denominated in Indian rupees. The maximum exposure to credit risk at the reporting date is the fair value of the units of mutual funds classified as available-for-sale.

11. Trade receivables

	31 March 2018	31 March 2017
Trade receivables	131,814,839	103,186,029
	131,814,839	**103,186,029**

Trade receivables include unbilled revenue of US$2,533,071 (31 March 2017: US$21,050,965) and not past due US$ 54,589,875 (31 March 2017: US$27,289,709).

All the trade receivables are short-term and their carrying values are considered a reasonable approximation of fair values.

Trade receivables that are outstanding for more than one month from due date are considered as past due. As at 31 March 2018, trade receivables of US$74,691,893 (31 March 2017: US$54,845,355) were past due but not impaired. These receivables have been considered as fully recoverable based on Directors' assessment. Recoverability is based on the evaluation of terms implicit in the contracts with the customers, legal opinions and other pertinent factors.

The ageing analysis of past due but not impaired trade receivables as at the reporting date is as follows:

	31 March 2018	31 March 2017
1 to 6 months	38,107,908	19,502,702
6 to 9 months	20,455,501	8,317,806
9 to 12 months	4,739,474	3,103,120
Beyond 12 months	11,389,010	23,921,727
	74,691,893	**54,845,355**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(All amounts in US Dollars unless otherwise stated)

12. Other receivables

	31 March 2018	31 March 2017
Other receivables	21,590,206	10,797,094
Advance for expenses	10,691,676	9,713,813
Receivables from equity-accounted investees	104,001,369	27,756,954
Sundry deposits	8,027,416	3,612,744
Advance for purchase of equity	14,156,068	46,724,822
Total other receivables	**158,466,735**	**98,605,427**
Less: Non-current portion	(55,603,410)	(49,981,201)
Current portion	**102,863,325**	**48,624,226**

Advance for purchase of equity represents interest free amounts paid under memorandum of understanding with various parties for acquisition of their stake in certain entities which are to be acquired in the future. These advances do not provide the Group with additional rights and are adjusted against the purchase consideration when the transaction is consummated else these amounts are refunded by the parties. Receivables from equity-accounted investees primarily represent loans given by the Group to equity-accounted investees. Other receivables include advances against purchase of raw materials, interest receivable on deposits and other advance recoverable.

13. Inventories

	31 March 2018	31 March 2017
Stores and consumables	3,562,137	2,690,430
Raw materials	561,361	2,656,498
Renewable energy certificates	42,382	1,154,669
	4,165,880	**6,501,597**

14. Cash and cash equivalents

	31 March 2018	31 March 2017
Cash on hand	111,713	347,178
Cash at bank	94,601,050	163,804,392
	94,712,763	**164,151,570**

Cash at bank of the Group includes US$18,603,076 (31 March 2017: US$20,452,173) in currencies other than INR (i.e., in US$, GBP and EURO).

15. Bank deposits

The Group holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months amounting to US$72,842,920 (31 March 2017: US$ 97,632,227) are classified as 'bank deposits'. Deposits with maturity date beyond 12 months from the reporting date amounting to US$41,608,261 (31 March 2017: US$ 52,771,551) are disclosed under non-current assets. Bank deposits aggregating to US$61,274,600 (31 March 2017: US$ 67,107,963) given as security.

Bank deposits include US$3,124,993 (31 March 2017: US$ 25,129,747) in currencies other than INR (i.e., in US$).

16. Share capital

	31 March 2018	31 March 2017
Issued and fully paid		
Ordinary shares with no par value		
— 595,857,311(31 March 2017: 595,857,311) Class A shares	967,681,800	967,681,800
— 16,000,000 (31 March 2017: 16,000,000) Class B shares	16,000	16,000
Total	**967,697,800**	**967,697,800**

(All amounts in US Dollars unless otherwise stated)

16. Share capital (continued)

Holders of the above shares are entitled to dividends as declared from time to time. Holders of Class A shares are entitled to one vote per share at the general meetings of the Company and Class B shares shall not confer any voting rights at the general meetings of the Company except to the extent that are required to vote under applicable law.

- On March 13, 2017, the Company granted a right to subscribe 25,935,596 warrant shares to Greenko Ventures Limited ("GVL") at the fair value of shares as on the said date. These warrants may be exercised by GVL at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. On exercise, the warrants are convertible to 25,935,596 Class A shares of the Company.
- During the previous year, the Company has converted 47,437,504 Class C equity shares into Class A. The Company has issued additional 164,419,807 Class A shares during the previous year.

17. Trade and other payables

	31 March 2018	31 March 2017
Trade payables	14,350,272	27,553,760
Capital creditors	22,853,621	92,397,532
Interest accrued but not due on borrowings	65,222,159	36,676,653
Cost of acquisition payable	14,776,781	15,457,931
Deferred gain #	1,320,188	5,630,214
Advances from equity-accounted investees	4,955,928	41,323,318
Other payables	15,230,277	18,920,345
Total trade and other payables	**138,709,226**	**237,959,753**
Less: Non-current portion	(34,161,637)	(22,166,076)
Current portion	**104,547,589**	**215,793,677**

Deferred gain represents the unrealised profit on inter-company sale of Property, Plant and Equipment between the group and equity-accounted investees (downstream transactions). The said profit is realised based on the depreciation of purchased assets by the equity accounted investees.

Other payables include accruals for expenses, statutory liabilities and other liabilities. All amounts are short term and the carrying values of trade and other payables are considered a reasonable approximation of fair value. Cost of acquisition payable is consideration payable towards acquisitions made by subsidiaries.

Advances from equity-accounted investees represents amounts received from the said investees towards asset procurement and plant commissioning services.

18. Borrowings

The carrying amount of Group's borrowings, net of unamortised transaction costs/issue expenses, is as follows:

	31 March 2018	31 March 2017
Non-current – Financial liabilities measured at amortised cost		
Term loans from banks	105,362,443	224,188,742
Term loans from financial institutions	885,086,390	606,820,380
8% Senior Notes {Refer Note 18.5 (a)}	-	565,525,304
5.25% Senior Notes {Refer Note 18.5 (b)}	642,406,254	-
4.875% Senior Notes {Refer Note 18.5 (b)and (c)}	833,610,688	485,490,410
Notes {Refer Note 18.5 (d)}	123,568,245	123,040,375
Vehicle loans	103,592	231,947
	2,590,137,612	**2,005,297,158**
Current – Financial liabilities measured at amortised cost		
Term loans from banks	41,835,638	22,573,076
Term loans from financial institutions	153,727,329	31,425,372
9% Notes {Refer Note 18.5 (e)}	-	49,898,031
Vehicle loans	127,642	116,974
	195,690,609	**104,013,453**
Total borrowings	**2,785,828,221**	**2,109,310,611**

(All amounts in US Dollars unless otherwise stated)

18. Borrowings (continued)

18.1. Term loans from banks and financial institutions mature over the financial years 2019 to 2034 and bear floating rates of interest in the range of 8.75% to 13.50%. The fair value of borrowings from bank and financial institutions approximates their carrying value as these borrowings carry a floating rate of interest. Senior Notes and Notes are carrying fixed rates of interest.

18.2. Term loans from banks and financial institutions are secured against first charge by way of hypothecation of all immovable properties including plant and machinery and all other movable properties both present and future of respective subsidiary. Some of the loans are also secured by personal guarantees of directors and pledge of shares of subsidiaries. Working capital loans are secured by inventory and trade receivables. Additionally, the borrowings are also secured by lien on bank deposits amounting to US$ 36,506,377 (31 March 2017: US$28,121,633).

18.3. The carrying amounts and fair value of the borrowings are as follows:

	31 March 2018		31 March 2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Term loans from banks	147,198,081	147,198,081	246,761,818	246,761,818
Term loans from financial institutions	1,038,813,719	1,038,813,719	638,245,752	638,245,752
8% Senior Notes	-	-	565,525,304	565,525,304
5.25% Senior Notes	642,406,254	642,406,254	-	-
4.875% Senior Notes	833,610,688	833,610,688	485,490,410	485,490,410
9% Notes	-	-	49,898,031	49,898,031
Notes	123,568,245	123,568,245	123,040,375	123,040,375
Vehicle loans	231,234	231,234	348,921	348,921
Total	**2,785,828,221**	**2,785,828,221**	**2,109,310,611**	**2,109,310,611**

18.4. The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 March 2018	31 March 2017
Indian Rupee (INR)	1,186,243,034	885,356,491
US Dollar (US$)	1,599,585,187	1,223,954,120
	2,785,828,221	2,109,310,611

18.5. Notes and Senior Notes

a) Greenko Dutch B.V. ("Greenko Dutch"), a subsidiary of Greenko Mauritius, had raised funds to the tune of US$550,000,000 by issuing 8% US$ Senior Notes (the Senior Notes) to institutional investors in August 2014. These Senior Notes were listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue and as permitted under law, Greenko Dutch invested issue proceeds, net of issue expenses and interest reserve, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Dutch is duly registered as Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes was payable on a semi-annual basis in arrears and the principal amount is payable on 31 July 2019. The Senior Notes were secured by corporate guarantee of the Company and pledge of shares of Greenko Dutch owned by Greenko Mauritius. Further, the assets of Indian subsidiaries have been pledged to secure non-convertible debentures through an Indian trustee. During the year, these 8% US$ Senior Notes have been repaid by the Greenko Dutch.

b) In July 2017, Greenko Dutch B.V., raised funds to the tune of US$350,000,000 and US$650,000,000 by issuing 4.875% and 5.25% US$ Senior Notes (the Senior Notes) respectively from institutional investors. The Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue and as permitted under law, Greenko Dutch B.V. invested issue proceeds, net of issue expenses, to repay the existing 8% US$ Senior notes outstanding along with the associated costs and contributed in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Dutch B.V. is duly registered as a Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 24 July 2022 and 24 July 2024 respectively. The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of Greenko Dutch B.V. owned by Greenko Mauritius. Non-convertible debentures issued to Greenko Dutch B.V. by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.

(All amounts in US Dollars unless otherwise stated)

18. Borrowings (continued)
18.5. Notes and Senior Notes (continued)

c) Greenko Investment Company ("Greenko Investment"), a subsidiary of Greenko Mauritius, raised funds to the tune of US$500,000,000 by issuing 4.875% US$ Senior Notes (the Senior Notes) to institutional investors in August 2016. The Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Investment is duly registered as Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 15 August 2023. The Senior Notes are secured by corporate guarantee of the parent and pledge of shares of Greenko Investment owned by Greenko Mauritius. Further, the assets of Indian subsidiaries have been pledged to secure non-convertible debentures by Indian subsidiaries through an Indian trustee.

d) Greenko Mauritius has raised funds to the tune of US$ 125,000,000 by issuing Notes to EIG Greenko Holdings S.À R.L. ("EIG") with a cash coupon of 5% per annum payable on a semi-annual basis and PIK coupon of 8% per annum payable on maturity. These notes are repayable in December 2020 and secured by pledge of 146,534,571 equity shares of Greenko Mauritius.

e) Greenko Solar (Mauritius) Ltd ("Greenko Solar"), a subsidiary of Greenko Mauritius, raised funds to the tune of US$ 50,000,000 by issuing 9% US$ Notes to an institutional investor in October 2016 on a private placement basis and due for payment after one year from the date of issuance. The Notes were secured by corporate guarantee of Greenko Mauritius and pledge of share of Greenko Solar owned by Greenko Mauritius. During the year the Notes have been repaid by Greenko Solar.

18.6. Reconciliation of liabilities arising from financing activities

				Non Cash changes		
	1-Apr-17	**Cash flows**	**Acquisition**	**Foreign Exchange movements**	**Amortisation of transaction costs**	**Closing balance**
Borrowings	2,109,310,610	135,476,244	526,732,843	(5,998,704)	20,307,228	2,785,828,221

19. Deferred income tax (assets)/liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities from the same taxation authority. The offset amounts are as follows:

	31 March 2018	**31 March 2017**
Deferred income tax liabilities		
— to be recovered beyond 12 months from reporting date	203,604,201	126,086,210
— to be recovered within 12 months	-	-
	203,604,201	**126,086,210**

The movement in deferred income tax (assets)/liabilities during the period is as follows:

	Tangible assets	**Intangible assets**	**Others**	**Total**
At 01 April 2016	73,389,950	49,240,895	(22,854,301)	99,776544
Acquisition through business combination (Refer Note 27)	15,713,280	11,535,068	-	27,248,348
Recognised in profit or loss	6,347,279	(11,676,960)	1,242,257	(4,087,424)
Exchange difference	2,514,411	1,121,580	(487,249)	3,148,742
At 31 March 2017	**97,964,920**	**50,220,583**	**(22,099,293)**	**126,086,210**
Acquisition through business combination (Refer Note 27)	15,825,125	53,793,117	-	69,618,242
Recognised in profit or loss	9,099,672	(4,272,944)	3,659,993	8,486,721
Exchange difference	(439,174)	(177,850)	30,052	(586,972)
At 31 March 2018	**122,450,543**	**99,562,906**	**(18,409,248)**	**203,604,201**

(All amounts in US Dollars unless otherwise stated)

19. Deferred income tax (assets) / liabilities (continued)

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Dividends are not taxable in India in the hands of the recipient. However, the Indian subsidiaries will be subject to a 'dividend distribution tax' currently at the rate of 15% (plus applicable gross up, surcharge and education cess) on the total amount distributed as dividend. As at 31 March 2018 and 31 March 2017 there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future as the Group earnings will continue to be fully re-invested to finance the on-going growth of the Group.

20. Revenue

	31 March 2018	31 March 2017
Sale of power	298,038,071	181,720,274
Sale of renewable energy certificates	4,398,380	1,716,557
Generation based incentive	11,887,340	6,879,031
	314,323,791	**190,315,862**

21. Retirement benefit obligations

The Group has an obligation towards defined benefit plans towards gratuity and compensated absences of US$ 1,409,006 (31 March 2017: US$ 1,216,208) and US$ 776,873 (31 March 2017: US$ 698,738) respectively.

The Group makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Group expects to contribute US$ 690,415 towards the gratuity plan for the year ending 31 March 2018.

22. Employee benefit expense

	31 March 2018	31 March 2017
Salaries and wages	12,635,481	10,043,633
Employee welfare expenses	627,313	439,678
Retirement benefits—defined contribution plans	422,185	363,888
Retirement benefits—defined benefit plans		
-Gratuity	178,972	89,665
-Compensated absences	28,625	68,127
	13,892,576	**11,004,991**

23. Finance income and costs

	31 March 2018	31 March 2017
Finance income		
Foreign exchange gain	766,219	122,272
Interest on bank deposits	4,692,390	5,212,050
Dividend from units of mutual funds	95,716	48,296
	5,554,325	**5,382,618**
Finance costs		
Finance cost on borrowings	181,941,191	110,580,131
Derivative instruments charges	22,375,175	31,366,974
Bank charges	552,617	546,410
	204,868,983	**142,493,515**

(All amounts in US Dollars unless otherwise stated)

24. Loan restructuring costs

During the year, the Group raised 5.25% and 4.875% US$ denominated Senior Notes and invested the proceedings to repay the existing 8% US$ Senior Notes and to invest in INR Non-convertible debentures of certain Indian subsidiaries to enable repayment of existing rupee loans. Loan restructuring costs amounting to US$17,676,528 represents the cost of prepayment and unamortised transaction costs of existing Rupees Loans.

25. Taxation

	31 March 2018	31 March 2017
Current tax	8,907,997	5,254,809
Deferred tax (note 19)	8,486,721	(4,087,424)
	17,394,718	**1,167,385**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	31 March 2018	31 March 2017
Profit before taxation	**50,256,983**	**29,479,655**
Domestic tax rate for Greenko Energy Holdings	15%	15%
Expected tax expense	7,538,547	4,421,948
Adjustment for tax differences in foreign jurisdictions	9,856,171	(3,254,563)
Tax charge	**17,394,718**	**1,167,385**

The tax rates used in computing the weighted average tax rate is the substantively enacted tax rate. In respect of the Indian entities this was in the range of 26.00% to 29.12%, (31 March 2017: 25.75% to 33.06%).

The Indian subsidiaries of the Group engaged in power generation currently benefit from a tax holiday from the standard Indian corporate taxation for the period ended 31 March 2018. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these companies are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 20.59% (31 March, 2017: 20.39%).

26. Commitments and contingencies

The commitments and contingencies of the Group for the year 31 March 2018 and 31 March 2017 are:

a) Greenko Energies Private Limited ("GEPL") and Roshni Powertech Private Limited ("Roshni") operate biomass power plants located in the State of Andhra Pradesh, India. These entities through the Biomass Energy Developers Association have challenged the order of Andhra Pradesh Electricity Regulatory Commission ("APERC") effecting a downward revision in billing rates. The Supreme Court of India has upheld the original billing mechanism as binding on the customer and has remanded the case back to APERC to determine the final tariff per unit. APERC has issued the final tariff along with interest vide orders dated 22 June 2013 and 6 August 2013. At the request of state utilities, the Court directed state utilities to make immediate payment of 50% of the tariff difference amount which was received by the Group. Further orders are awaited for balance amounts receivable from state utilities.

b) A few of the Group's power generating units in India have income tax disputes with the tax authorities. The Group has appealed against the orders of the income tax officer/authority at appropriate levels. The Group has been successful in obtaining favourable orders in few cases. The tax authorities have appealed against these orders. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US$5,036,564 (31 March 2017: US$3,886,615).

26. Commitments and contingencies (continued)

c) In December 2010, Sai Spurthi Power Private Limited (SSPPL), received a letter from a bank informing SSPPL that three corporate guarantees aggregating to US$7,261,879 (31 March 2017: US$7,284,278) were given by SSPPL in respect of loans availed by Sagar Power (Neerukatte) Limited, a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile management, the management believes that only one corporate guarantee of US$680,983 (31 March, 2017: US$683,084) was provided to the bank. The management is confident that the contingent liability of SSPPL under the corporate guarantees issued will not exceed US$680,983 (31 March, 2017: US$683,084). Further, as per the terms of the share purchase agreement with the promoters/erstwhile seller-shareholders of SSPPL, the promoters/erstwhile seller-shareholders of SSPPL are required to have the corporate guarantee(s) released without any liability to SSPPL or the Group.

During 2012-13, SSPL received a communication from Indian Renewable Energy Development Agency ("IREDA") informing that SSPL had given a corporate guarantee of US$1,164,073 (31 March, 2017: 1,167,664) for the credit facilities availed by Bhadragiri Power Private Limited, a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile Managing Director, SSPL came to an opinion that the said corporate guarantee was not executed on behalf of SSPL and hence SSPL is not responsible for any liability under those documents. This is a matter of dispute which needs to be finally settled. The promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle this liability, if any.

d) Greenko Budhil, one of the subsidiaries of the Company, had received demand notices aggregating to US$11,655,536 (31 March 2017: US$11,955,974) from various government authorities in relation to duty drawback, construction cess, entry tax and common costs for transmission lines. Greenko Budhil has contested these demands at various levels. Pending disposal of these matters, in view of the management no provision is required to be made in the books of account. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle these disputes.

e) Greenko Budhil, one of the subsidiaries of the Company, terminated Power Purchase Agreement (PPA) entered with PTC India Limited (PTC). Haryana Power Generation Corporation Limited (HPGCL), the ultimate beneficiary (as PTC entered into a power supply agreement with HPGCL), disputed the termination. HPGCL approached the Haryana Electricity Regulatory Commission (HERC) seeking inter alia that (i) the termination of the PPA to be declared illegal and invalid and (ii) that both the Greenko Budhil and PTC be directed to comply with their obligations qua HPGCL ("HPGCL Petition"). Appellate Tribunal for Electricity (APTEL) has held that HERC does not have jurisdiction over the dispute. HPGCL and PTC both have challenged the decision of APTEL separately with Hon'ble Supreme Court of India. Petitions have been admitted by Hon'ble Supreme Court. The matter is pending with Hon'ble Supreme Court for hearing. Based on the legal opinion of an independent counsel, the Group is confident of a favourable outcome in this matter. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle this liability, if any.

f) Him Kailash Hydro Power Private Limited (HKHPPL), one of the subsidiaries of the Company, had given a corporate guarantee in respect of a term loan of US$2,229,396 (31 March 2017: US$2,236,273) sanctioned to Madhava Vasistha Hydro Power Private Limited, a company owned by erstwhile owners of HKHPPL. Pursuant to the terms of share purchase agreement with erstwhile owners of HKHPPL, erstwhile owners of HKHPPL are required to get the corporate guarantee released without any liability to HKHPPL or to the Group.

g) **Capital commitments**

Capital expenditure contracted for as at 31 March 2018 but not yet incurred aggregated to US$75,436,876 (31 March 2017: US$ 157,256,580).

(All amounts in US Dollars unless otherwise stated)

27. Business combinations

a) AP Solar entities:

During September 2016, the Company through its wholly owned subsidiaries has acquired 49% shareholding in below solar entities from SunEdison Group which are under development projects situated in Andhra Pradesh (collectively referred as "AP Solar entities"). These entities are operating entities with capacity of 500 MW. Further the Group has paid an amount of USD 31,585,350 for the balance 51% shareholding in these AP Solar entities. Pursuant to the Escrow conditions being met on 31 March 2018, the Group obtained the control over the Board of these companies including the power to direct the relevant activities of the investee unilaterally. The administrative process of transfer of 51% shares is in progress which is procedural in nature.

Sl no	Entity
1.	Aarish Solar Power Private Limited
2.	Aashman Energy Private Limited
3.	Divyesh Power Private Limited
4.	Elena Renewable Energy Private Limited
5.	Pratyash Renewable Private Limited
6.	SEI Baskara Power Private Limited
7.	SEI Enerstar Renewable Energy Private Limited
8.	SEI Mihir Energy Private Limited
9.	Shreyas Renewable Energy Private Limited
10.	Zuvan Energy Private Limited

Excess of group's interest in the fair value of acquiree's assets and liabilities over cost is due to Seller's compulsion to exit within the defined timeline from their Indian business and through bidding process, the company could get fairly decent bargain purchase.

Other entities:

During the year ended March 31 2018, the Group acquired 100% of the shares and voting interests in Karvy Solar Power Limited, New Era Enviro Ventures (Mahbubnagar) Private Limited, Premier Photovoltaic Medak Private Limited, Pennar Renewables Private Limited, Proeco Energy Private Limited, Saimeg Infrastructure (Mahbubnagar) Private Limited and Sharp Cleantech Infra Private Limited (collectively referred as "**other entities**") from different developers. These acquisitions were made to enhance the generating capacity of the Group from clean energy assets and has an operating solar power with capacity of 89 MW in the states of Andhra Pradesh and Telanagana. These entities are individually immaterial acquisitions and hence these entities are aggregated for IFRS 3 disclosures perspective. The effective date of acquisitions are 1 November 2017 and 1 December 2017.

Details of above acquisitions are set out below:

	AP Solar Entities	Other entities	Total
Purchase consideration:			
- Cash paid	-	33,490,847	33,490,847
- Advance for purchase of equity	31,585,350	1,549,907	33,135,257
- Investment in associates	38,643,539	-	38,643,539
- Consideration payable	-	3,061,229	3,061,229
Total purchase consideration	**70,228,889**	**38,101,983**	**108,330,872**
Fair value of net assets acquired	198,874,993	44,522,100	243,397,093
Goodwill	-	120,361	120,361
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	128,646,104	6,540,478	135,186,582

(All amounts in US Dollars unless otherwise stated)

27. Business combinations (continued)

Fair value of the acquiree's assets and liabilities arising from the acquisition are as follows:

	AP Solar entities	Other entities	Total
Property, plant and equipment	481,804,320	89,108,868	570,913,188
Net working capital	12,676,975	1,967,167	14,644,142
Long term loans and advances	3,575,165	420,555	3,995,720
Other payables	(34,218,831)	(52,348)	(34,271,179)
Intangible assets	195,868,205	30,359,450	226,227,655
Bank deposits	53,674,662	1,501,297	55,175,959
Cash and cash equivalents	2,383,634	679,059	3,062,693
Deferred tax liability	(55,634,524)	(13,983,718)	(69,618,242)
Borrowings	(461,254,613)	(65,478,230)	(526,732,843)
Net assets	**198,874,993**	**44,522,100**	**243,397,093**
Total Purchase consideration	70,228,889	38,101,983	108,330,872
Amount paid during the previous year	(31,585,350)	(1,549,907)	(33,135,257)
Investment in associates	(38,643,539)	-	(38,643,539)
Consideration payable	-	(3,061,229)	(3,061,229)
Cash and cash equivalents	(2,383,634)	(679,059)	(3,062,693)
Net cash outflow on acquisitions during the year	**(2,383,634)**	**32,811,788**	**30,428,154**

b) During September 2016, the Company through its wholly owned subsidiaries Greenko Power Projects (Mauritius) Limited ("GPPM") and Greenko Solar Energy Private Limited ("GSEPL") entered into a definitive agreement with Sun Edison Group to acquire the equity shares and cumulative convertible debentures of certain target Indian subsidiaries of Sun Edison Group.

The transaction primarily involved acquisition of select portfolio of Solar and Wind power projects in India. The select portfolio consists of operational, near completion and under development projects situated in Andhra Pradesh, Telangana, Karnataka, Tamilnadu, New Delhi and Madhya Pradesh. The acquisition was completed on 27 October 2016. However, the valuation of the acquired assets and liabilities has been carried out on 01 October 2016 considering that the effect of transactions from 01 October 2016 to 27 October 2016 are not material to the consolidated financial statements.

Excess of group's interest in the fair value of acquiree's assets and liabilities over cost is due to Seller's compulsion to exit within the defined timeline from their Indian business and through bidding process, the company could get fairly decent bargain purchase.

Details of net assets acquired are as follows:

	Amount (US$)
Purchase consideration:	
- Cash paid	46,838,810
- Amount payable	9,642,135
Total purchase consideration	**56,480,945**
Fair value of net assets acquired	154,989,584

Fair value of the acquiree's assets and liabilities arising from the acquisition are as follows:

Property, plant and equipment	470,903,851
Net working capital	(518,319)
Investment in Mutual Funds	900,090
Long term loans and advances	61,063,376
Short term borrowings	(17,379,058)
Intangible assets	33,426,086
Bank deposits	5,938,028
Cash and cash equivalents	3,678,249
Creditors for capital goods	(109,735,571)
Deferred tax liability	(25,559,443)
Long term borrowings	(267,727,705)
Net assets	**154,989,584**
Purchase consideration settled in cash	46,838,810
Cash and cash equivalents	(3,678,249)
Cash outflow on acquisition	**43,160,561**

(All amounts in US Dollars unless otherwise stated)

27. Business combinations (continued)

c) During the year ended 31 March 2017, the Group acquired 100% of the securities of Gangadhari Hydro Power Private Limited ("Gangadhari"). The acquisition was made to enhance the generating capacity of the Group from clean energy assets. Gangadhari has an operating hydro power plant with installed capacity of 16MW in the state of Himachal Pradesh in north India. The effective date of acquisition is 01 October 2016. Details of acquisition are set out below:

Purchase consideration:	**Amount (US$)**
- Cash paid	8,770,897
- Amount payable	78,548
Total purchase consideration	**8,849,445**
Fair value of net assets acquired	5,046,714

Fair value of the acquiree's assets and liabilities arising from the acquisition are as follows:

	Amount (US$)
Property, plant and equipment	17,448,164
Net working capital	(1,429,735)
Intangible assets	1,462,059
Cash and cash equivalents	654,771
Deferred tax liability	(1,688,905)
Long term borrowings	(11,399,640)
Net assets	**5,046,714**
Purchase consideration settled in cash	8,770,897
Cash and cash equivalents	(654,771)
Cash outflow on acquisition	**8,116,126**

28. Related-party transactions

a) Cambourne Investment Pte Limited, an affiliate of Government of Singapore Investment Company ("GIC") is considered as the Holding Company of the Group. Further, Greenko Ventures Limited, GVL Investments Limited and GVL Management Services Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest, holds 20.45% in the Company.

b) Mr Anil Kumar Chalamalasetty and Mr Mahesh Kolli have given personal guarantees in respect of certain loans availed by Indian subsidiaries of the Group.

c) The following transactions were carried out with related parties:

Key management compensation

	31 March 2018	**31 March 2017**
Short-term employee benefits		
Mr. Om Prakash Bhatt	225,000	264,702
Mr. Kunnasagaran Chinniah	75,000	95,588
Mr. Sriram Yarlagadda	62,500	-
Total short-term employee benefits	**362,500**	**360,290**

d) **Equity-accounted investees:**

	31 March 2018	**31 March 2017**
Amount receivable	104,001,369	27,756,954
Amount payable	4,955,928	41,323,318
Deferred gain* (Refer Note 17)	-	5,630,214

* represents the net impact of transactions which took place with equity-accounted investees.

(All amounts in US Dollars unless otherwise stated)

29. Equity-accounted investees

The Group also has interests in a number of individually immaterial associates. The Group owns 49% of the voting rights and accordingly the Group determined that it has significant influence.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates:

	31 March 2018	**31 March 2017**
Carrying amount of interests in associates	50,231,686	52,446,853
Additional investment during the year	2,913,485	-
Transfer on account of business combination (Refer Note 27 (a))	(38,643,539)	-
Share of:		
Loss from continuing operations	(7,072,530)	(2,215,167)
Other comprehensive income	-	-
	7,429,102	**50,231,686**

30. Subsequent events:

a) Subsequent to 31 March 2018, 16,000,000 Class B equity shares have been converted into 16,000,000 Class A equity shares on 1:1 basis and the outstanding warrants as at 31 March 2018 have been exercised.

b) During June 2018, the Company through its wholly owned subsidiary Greenko Mauritius entered into a definitive purchase agreement under which Greenko Group will acquire power portfolio of Orange Renewables in India for a total enterprise value of approximately $922 million, which has 907 MW of Solar and Wind Assets and pipeline assets of over 500 MW.

c) During June 2018, the Company has entered into definitive agreements with its' shareholders for primary equity contribution and received the investment of US$447 million subsequent to the balance sheet date.

d) During June 2018, the Company granted a right to subscribe 51,271,209 warrant shares to Greenko Ventures Limited ("GVL") at the fair value as on the date of grant. These warrants may be exercised by GVL at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. On exercise, these warrants are convertible to 51,271,209 Class A shares of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements and the related notes thereto of Greenko Energy Holdings ("Parent Guarantor") and the Audited Combined Financial Statements and the related notes thereto of Greenko Dutch B.V. ("Restricted Group") and Greenko Investment Company ("Restricted Group II").

Overview

We are one of the leading independent owners and operators of clean energy projects in India.

As of the date, our portfolio of assets consists of (i) 78 operational projects with a combined installed capacity of 2,543.5 MW, comprising 21 operational hydropower projects with a total installed capacity of 379.8 MW, 16 operational wind energy projects with a total installed capacity of 1,092.5 MW, 34 operational solar energy projects with a total installed capacity of 992.9 MW and seven operational thermal projects (which include biomass and gas) with a total installed capacity of 78.3 MW, (ii) five projects under construction with a total licensed capacity of 157.6 MW, comprising three hydropower projects with a total licensed capacity of 57.6 MW and two wind energy projects with a total licensed capacity of 100.0 MW and (iii) 12 projects under active development with a total licensed capacity of 679.2 MW, comprising eight hydropower projects with a total licensed capacity of 484.0 MW and four wind energy projects with a total licensed capacity of 195.2 MW.

As of 31 March 2018, the Restricted Group accounted for 42.3% of the total installed capacity of our operational projects, consisting of 17 operational hydro power projects with a total installed capacity of 235.3 MW (61.9% of the total installed capacity of our operational hydro power projects), 7 operational wind energy projects with a total installed capacity of 440.0 MW (40.3% of the total installed capacity of our operational wind energy projects) and 13 operational solar power projects with a total installed capacity of 399.4 MW (40.2% of the total installed capacity of our operational solar energy projects).

As of 31 March 2018, the Restricted Group II accounted for 19.8% of the total installed capacity of our operational projects, consisting of 3 operational hydro power project with a total installed capacity of 128.5MW (33.8% of the total installed capacity of our operational hydro power projects) and 6 operational wind energy projects with a total installed capacity of 374.0 MW (34.2% of the total installed capacity of our operational wind energy projects).

Factors Affecting our Results of Operations

Impact of Weather and Seasonality

Weather conditions can have a significant effect on our power generating activities. The profitability of a wind energy project is directly correlated with wind conditions at the project site. Variations in wind conditions occur as a result of fluctuations in wind currents on a daily, monthly and seasonal basis and, over the long term, as a result of more general changes in climate. In particular, wind conditions are generally tied to the monsoon season in India and are impacted by the strength of each particular monsoon season. The monsoon season in India runs from June to September and we generate approximately 60.0% of our annual production during this period. The wind performance of wind energy projects in different areas of India are correlated to a certain extent, as at times weather patterns across the whole of India are likely to have an influence on wind patterns and, consequently, on revenues generated by wind energy projects across the whole of India.

Hydroelectric power generation is dependent on the amount of rainfall, snow melt and glacier melt in the regions in which our hydropower projects are located, which vary considerably from quarter to quarter and from year to year. Our hydropower projects in the Himachal Pradesh, Uttarakhand, Sikkim and Arunachal Pradesh northern clusters are dependent on rainfall, snow melt and glacier melt. Our hydropower projects in the Karnataka southern cluster are situated on rivers that are primarily monsoon-dependent and are expected to run at full capacity during the four-month wet season, which is usually from June to September, and generate negligible amounts of power during the remaining period of the year. Any reduction in seasonal rainfall, snow melt or glacier melt or change from the expected timing could cause our hydropower projects to run at a reduced capacity and therefore produce less electricity, impacting our profitability. Conversely, if hydrological conditions are such that too much rainfall occurs at any one time, water may flow too quickly and at volumes in excess of a particular hydropower project's designated flood levels, which may result in shutdowns. Where rainfall levels are in the normal range in terms of overall quantum for the year but a substantial portion is concentrated for a shorter period of time, our hydropower projects will generate less power in the course of the year and consequently, this will impact the revenues derived from our hydropower projects. The performance of each of our projects is measured by its average plant load factor ("PLF"), which is the project's actual generation output as a percentage of its installed capacity over a period of time.

Unlike the resources for our wind energy projects and hydropower projects which are concentrated in specific regions and sensitive to the monsoon season, solar power generation is viable across Indian throughout most of the year as India ranks among the highest irradiation receiving countries in the world.

We are also subject to the effects of the weather on demand for electricity in India and consequently, our results of operations are affected by variations in general weather conditions. Generally, demand for electricity peaks in winter and summer. Typically, when winters are warmer than expected and summers are cooler than expected, demand for energy is lower than forecasted. Significant variations from normal weather where our projects are located could have a material impact on our results of operations to the extent we are not protected from exposures to variation in demand through long-term contracts.

We have significantly expanded our installed base of operational projects. In recent years, we have made a number of acquisitions, including the SunEdison Acquisition, to increase the total generating capacity of our projects, with a focus on acquiring operational and advanced construction projects near our existing and upcoming project clusters. We have also developed and are continuing to develop a number of projects. Our rapid growth makes it difficult to compare our consolidated results from period to period.

The following table sets forth the capacity of our operational projects as of March 31, 2018 and March 31, 2017:

	As of March 31, 2018 Capacity (MW)	**As of March 31, 2017 Capacity (MW)**
Operational projects	2,543.5	1,935.6

As our business has grown, we have increased our expenditures on general and administrative functions necessary to support this growth and support our operations. As part of our efforts to reduce risks in our business, although we currently outsource the operations and maintenance of our turbines to suppliers, we are also building in-house skills concurrently to oversee and back-up the operations and maintenance of our turbines, a model which is different from that generally adopted by our competitors.

A key driver of our results of operations is our ability to bring new projects into commercial operation successfully. As of 31 March, 2018, we have 78 operational projects with a combined installed capacity of 2,543.5 MW and our under-construction projects include interests in three hydropower projects and two wind energy projects having a combined licensed capacity of 157.6 MW. We expect these projects to become operational over the next 48 months. Our under-active development projects include interests in 8 hydropower projects and 4 wind energy projects having a combined licensed capacity of 679.2 MW. Our near-term operating results will, in part, depend upon our ability to transition these projects into commercial operations in accordance with our existing construction budgets and schedules.

Operation of Our Projects

Our results of operations are materially influenced by the degree to which we operate our projects in order to achieve maximum generation volumes. We intend to achieve growth by improving the availability and capacity of our projects while minimizing planned and unplanned project downtime. The number and length of planned outages, undertaken in order to perform necessary inspections and testing to comply with industry regulations and to permit us to carry out any maintenance activities, can impact operating results. When possible, we seek to schedule the timing of planned outages to coincide with periods of relatively low demand for power at the relevant project. Likewise, unplanned outages can negatively affect our operating results, even if such outages are covered by insurance.

In addition, when we purchase turbines, our contracts with suppliers typically include comprehensive O&M service for a period of five to seven years (with free service, in some cases, for the first two years), a warranty in respect of the turbines for a minimum period of two years from the earlier of the date of commissioning or the date of supply, a power curve guarantee which assures optimum operational performance of the turbines as well as a guaranteed performance commitment in the form of a minimum availability guarantee of 97% during the wind season which assures the turbines' availability to generate electricity for a specified percentage of the time with liquidated damages calculated by way of revenue loss subject to a cap.

Power Purchase Agreements

One of the key factors which affects our results of operations is our ability to enter into long-term PPAs for our generated power, thereby enhancing the security and long-term visibility of our revenues and limiting the impact of market price variability on our revenues. Almost all of our generated power is sold under PPAs to state utilities, industrial and commercial consumers and captive consumers. While these PPAs reduce exposure to volatility in the market price for power, the predictability of our operating results and cash flows vary by project based on the negotiated terms of these agreements, in particular the tariffs.

Our PPAs are generally structured in three ways:

- *Feed-in Tariffs.* PPAs with preferential feed-in tariffs (“FITs”) (including PPAs for solar projects obtained through competitive bidding) having a term of between 10 to 25 years which provide greater downside protection since the tariffs are generally fixed for the duration of the PPA. PPAs based on FITs generally do not escalate for inflation.

- *Third party direct sales.* Open access tariffs or group captive consumer or third party direct sales linked to commercial tariffs which provide potential for upside based on increases in tariffs charged by state utilities to their industrial and commercial consumers in future years. Such PPAs are generally entered into on a long-term basis, providing clear visibility of revenues for the relevant project with potential growth in revenues from better payment terms.

- *APPC tariffs.* PPAs with tariffs based on average power purchase cost of electricity (“APPC”) plus RECs which offer greater upside revenue potential depending on the annual escalation in APPC tariffs and the market price of the RECs that may be sold. As the term of such PPAs is generally short, this PPA model allows us the flexibility to move to the merchant tariff model at an appropriate time with direct customers or group captive consumers, enhancing the revenue realization of the relevant projects.

Our diversified mix of revenue streams balances certainty in revenue and upside potential to underpin a certain level of revenue growth. Our existing revenue model offers strong earnings visibility as a majority of our PPAs are based on FITs, with further upside from direct third party sales through our PPAs with commercial off-takers linked to commercial tariff escalations and inflation as well as future merchant sales.

Capital Expenditure Costs

Demand for qualified labor and components in our industry have increased over the last few years. This has led to increases in the costs of construction and maintenance of power generation projects. Capital expenditures are necessary to construct, maintain and/or improve the operating conditions of our projects and meet regulatory and prudential operating standards. Future costs will be highly dependent on the cost of components and availability of contractors that can perform the necessary work to construct, maintain and/or improve our projects, as well as changes in laws, rules and regulations which could require us to make capital improvements to our projects.

Exchange Rate Fluctuations

The Consolidated Financial Statements and the Restricted Group Combined Financial Statements are presented in U.S. dollar. However, the functional currency of our operating subsidiaries in India is Indian rupees and they generate revenues and incur borrowings in Indian rupees. In addition, as the equity or debt raised outside India from holding companies is always in foreign currency, presentation of currency translation issues in the profit and loss account of the Parent Guarantor and the Restricted Group arise which results in distorted figures of profits or losses depending upon cross-currency issues of the British pound, the euro, the U.S. dollar and the Indian rupee. Accordingly, the results of operations of the Parent Guarantor and the Restricted Group will be impacted by the strength of the U.S. dollar as measured against the Indian rupee due to translational effects. To the extent that the Indian rupee strengthens or weakens against the U.S. dollar, the Parent Guarantor's consolidated and the Restricted Group's combined, results of operations presented in U.S. dollar will improve or decline, respectively. In addition, we have made borrowings denominated in U.S. dollars in respect of which we are exposed to foreign currency exchange risk. The results of operations of the Parent Guarantor and the Restricted Group may be affected if there is significant fluctuation among those currencies.

Government Policies and Initiatives

We depend in part on government policies and initiatives that support clean energy and enhance the economic feasibility of developing clean energy projects. For several years, India has adopted policies and subsidies actively supporting clean energy. Although we do not directly receive government subsidies, preferential tariffs for clean energy have been established in many states, ranging from approximately Rs.2.50/kWh to Rs.7.01/kWh. In addition, the Generation Based Incentive (“GBI”) scheme, which provides an incremental incentive of Rs. 0.5/kWh capped at Rs.10 million per MW, was reinstated in April 2013 for new wind energy projects completed between 1 April, 2013 to 31 March 2017, benefits all wind capacity commissioned. In addition solar energy, the tariff is generally determined through a competitive bidding process.

These regulatory initiatives have contributed to demand for clean energy generally and therefore for power generated by our clean energy projects. Regulation also contributes to the revenue received for the power our projects generate. The support for clean energy has been strong in recent years, and the Indian Government has periodically reaffirmed its desire to sustain and strengthen that support with a target to achieve 100 GW and 60 GW in commissioned solar and wind projects respectively by 2022. Additional regulatory requirements could contribute to increase in demand for clean energy and/or to increase in power prices. For example, the aim of the Indian Government is for 17.0% of India's energy requirements to be derived from renewable energy sources by 2019 and the Renewable Purchase Obligation (“RPO”) is one of the regulatory measures implemented to ensure the achievement of this goal. To this end, distribution companies of a state, open access consumers and captive consumers are obligated to purchase a certain percentage of their power from renewable sources under the RPO rules.

A failure to continue, extend or renew the several regulatory incentives and programs currently in place in India could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Financing Requirements

Energy project development and construction are capital intensive. We incur costs and expenses for the purchase of turbines, the purchase of land, feasibility studies and construction and other development costs. As a result, our ability to access financing is crucial to our growth strategy. While we expect to fund the construction and development of our projects with a combination of cash flows from operations, debt financing and equity financing, our ability to arrange for such financing remains subject to factors affecting the macro-economic environment.

Principal Statement of profit or loss and other comprehensive Income Items

The following is a brief description of the principal line items that are included in the statement of profit or loss and other comprehensive income in the Consolidated Financial Statements.

Revenue

Our revenue consists of the sale of power, the sale of REC certificates, GBI and interest received for delayed payments, if any.

Sale of power

Revenue from the sale of power is dependent on the amount of power generated by our projects and is recognized on the basis of the number of units of power exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the PPA, feed-in tariff policy or market rates as applicable less the wheeling and banking charges applicable, if any. Claims for delayed payment charges and other claims, if any, are recognized as per the terms of PPAs only when there is no uncertainty associated with the collectability of such claims.

Sale of renewable energy certificates

RECs are a type of environmental commodity intended to provide an economic incentive for electricity generation from renewable energy sources and represent the attributes of electricity generated from renewable energy sources such as hydro, wind and solar. These attributes are unbundled from the physical electricity and the two products, first being the attributes embodied in the certificates and the commodity, and second being electricity, may be sold or traded separately. Revenue from sale of RECs is recognized after registration of the project with central and state government authorities, generation of power and execution of a contract for sale through recognized energy exchanges in India.

Generation Based Incentive

The GBI scheme, which provides an incremental incentive of Rs. 0.5/kWh capped at Rs. 10 million per MW, was reinstated in April 2013 for new wind energy projects and benefits all the wind capacity commissioned since that date to 31 March 2017. Revenue from GBI is recognized based on the number of units exported or if the eligibility criteria is met in accordance with the guidelines issued by the Indian Renewable Energy Development Agency Limited for GBI scheme.

Other Operating Income

Other operating income refers to income from activities other than normal business operations and includes profit or loss on sale and disposal of assets or subsidiaries, exchange difference in foreign currency-denominated current accounts.

Cost of Material and Power Generation Expenses

Cost of material and power generation expenses generally include the cost of fuel expenses for our thermal assets, the consumption of stores and spares, operation and maintenance expenses, insurance costs, plant-related direct expenses and free power charge.

Employee Benefits Expense

Employee benefits expense comprises salaries and wages payable, employee welfare expenses, contributions towards defined contribution plans and a group gratuity plan with Life Insurance Corporation of India and compensation for employee absences.

Other Operating Expenses

Other operating expenses include office administration, office rent, travelling expenses, professional charges, communication, internet, stationery, rates and taxes.

Excess of Our Interest in the Fair Value of Acquiree's Assets and Liabilities over Cost

The excess of our interest in the fair value of acquiree's assets and liabilities over cost represents value which we gained in an acquisition due to our negotiating skills.

Depreciation and Amortization

Depreciation and impairment in value of tangible assets

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to us and the cost of the item can be measured reliably. All repairs and maintenance expenditure are charged to statement of profit or loss during the period in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Asset Category	**Useful Life**
Buildings	30-35 years
Plant and machinery	20-36 years
Furniture, fixtures and equipment	5-10 years
Vehicles	10 years

Amortization and impairment in value of intangible assets

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization and any impairment in value. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Asset Category	**Useful Life**
Licenses	14-40 years
PPAs	5-25 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are tested annually for impairment or when there is an indication of impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Finance Income

Finance income comprises of foreign exchange gain on financing activities, interest on bank deposits and dividend from units of mutual funds.

Finance Costs

Finance costs comprises interest on borrowings and bank charges. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

Loan Restructuring Costs

Loan restructuring costs represents the cost of prepayment and unamortized transaction costs on existing rupee and US dollar loans of certain of our subsidiaries.

Income Tax Expense

Income tax expense represents the provision of income tax for our subsidiaries in India towards current and deferred taxes. Our Indian subsidiaries which are engaged in power generation currently benefit from a tax holiday from the standard Indian corporate tax. However, these subsidiaries are still liable to pay minimum alternate tax which is calculated on the book profits of the relevant subsidiary.

Share of Loss from Equity-Accounted Investees

Share of loss from equity-accounted investees represents our share of loss attributable to the entities for which we hold a minority interest. Such entities include the entities we had acquired as part of SunEdison Acquisition.

Results of Operations — Consolidated Financial Statements

Fiscal Year ended March 31, 2018 Compared to Fiscal Year ended March 31, 2017.

During September 2016, the Company through its wholly owned subsidiaries has acquired 49% shareholding in AP solar entities from SunEdison Group which are under development projects situated in Andhra Pradesh. These entities are operating entities with capacity of 500 MW. Pursuant to the Escrow conditions being met on 31 March 2018, the Group obtained the control over the Board of these companies including the power to direct the relevant activities of the investee unilaterally. Hence the operational numbers being compared is only pertains to operating capacities other than the AP Solar Projects.

Revenue

Our revenue was increased by 65.2% to US$314.3 million in the FY 2018 from US$190.3 million in the FY 2017.

The tables below set forth the breakdown of our revenue for the indicated periods by type and asset class.

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2017
	(US$ in millions)	
Sale of power	298.0	181.7
Sale of renewable energy certificates	4.4	1.7
Generation based Incentive	11.9	6.9
Installed capacity at beginning of period (MW)	1,936.5	1,002.1
Installed capacity at end of period (MW)	2,543.5	1,936.5
Generation (GWh)	4,268.3	2,802.4

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2017
	(US$ in millions)	
Revenues from hydropower projects	67.4	43.2
Revenues from wind energy projects	176.9	122.7
Revenues from solar energy projects	64.9	16.4
Revenues from thermal projects	5.1	8.0
Total	**314.3**	**190.3**

Revenue for the wind power projects in the FY 2018 was increased by 44.2% to US$176.9 million compared to US$122.7 million in the FY 2017. Revenue for the hydro power projects increased by 55.9% to US$67.4 million compared to US$43.2 million in the previous year. Revenue for the solar projects increased by 296.4% to US$64.9 million compared to US$16.4 million in the previous year. Revenue for the thermal power projects in the FY 2018was decreased by 36.0% to US$5.1 million compared to US$8.0 million in the previous year. Generation was increased by 52.3% to 4,268.3 GWh in the FY 2018 from 2,802.4 GWh in the FY 2017. The increase was primarily due to increased operating capacity.

Our wind power projects delivered an average PLF of 22.7% in the FY 2018, 24.8% in the FY 2017. The decrease in PLF is mainly on account of lower wind availability in 2018 compared to wind availability in 2017. Our hydropower projects delivered an average PLF of 39.2% in the FY 2018, 32.1% in the FY 2017.

Our solar projects delivered an average PLF of 17.4% in the FY 2018, 8.6% in the FY 2017. The average PLF data of our solar energy projects, which we had acquired as part of the SunEdison Acquisition in October 2016, is not meaningful because a number of our solar energy projects were only operating for a few months in FY 2017.

Our thermal projects delivered an average PLF of 23.3% in FY 2018, 43.8% in FY 2017. We selectively run our biomass projects based on the availability of attractively-priced raw materials.

In addition, we recognized GBIs (Rs. 0.50/kWh capped at Rs.10 million per MW) for our wind energy projects pursuant to the GBI scheme which was reinstated in April 2013 and recorded revenue of US$11.9 million in FY 2018, US$6.9 million in the FY 2017.

Our sales of REC certificates was US$4.4 million in FY 2018, US$1.7 million in FY 2017.

Other operating income

Other operating income was US$0.4 million in FY 2018 and US$0.5 million in FY 2017.

Cost of material and power generation expenses

Cost of material and power generation expenses was US$29.4 million in FY 2018, US$17.9 million in FY 2017. Cost of material and power generation expenses was 9.3% of revenue in FY 2018, 9.4% of revenue in FY 2017.

Employee benefits expense

Employee benefits expense was US$13.9 million in FY 2018, US$11.0 million in FY 2017. The largest component of employee benefits expense was salaries and wages, which have generally increased period on period as a result of the increase in employee headcount in line with the growth of our business.

Other operating expenses

Other operating expenses was US$31.1 million in FY 2018, US$17.9 million in FY 2017. Other operating expenses include office administration, office rent, travelling expenses, professional charges, communication, internet, stationary, rates and taxes, which have generally increased period on period as a result of the increase in operational projects in line with the growth of our business.

Excess of group's interest in the fair value of acquiree's assets and liabilities over cost

We recognized an excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US$135.2 million in FY 2018 in connection with the acquisition of AP solar solar entities.

We recognized an excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US$98.5 million in FY 2017 in connection with the acquisition of assets from Sunedison where 100% equity has been acquired.

Depreciation and amortization

Depreciation and amortization was US$101.1 million in FY 2018, US$65.9 million in FY 2017, primarily due to an increase in plant, property and equipment as a result of our on-going construction activity and implementation of new projects.

Finance income

Finance income was US$5.6 million in FY 2018, US$5.4 million in FY 2017. Finance income in each of these periods was primarily due to interest on bank deposits.

Finance cost

Finance cost was US$204.9 million in FY 2018, US$142.5 million in FY 2017, which was primarily attributable to interest on our borrowings which increased to US$2,785.8 million as of March 31, 2018 compared to US$2,109.3 million as of March 31, 2017. We capitalized borrowing costs of US$4.8 million in FY 2018, US$49.2 million in FY 2017.

Loan restructuring costs

We recognized loan restructuring costs of US$17.7 million during the FY 2018 representing the cost of prepayment and unamortized transaction costs attributable to the refinancing of existing 8% Senior notes issued by Greenko Dutch B.V. and rupee loans of new Restricted Group entities.

We recognized loan restructuring costs of US$7.8 million in FY 2017 representing the cost of prepayment and unamortized transaction costs attributable to the refinancing of existing rupee loans of the 2016 Notes Subsidiaries from the proceeds of the 2016 Notes issuance.

Share of loss from equity-accounted investees

We recognized share of loss from equity-accounted investees of US$7.1 million in FY 2018, US$2.2 million in FY 2017 attributable to certain of the entities we acquired as part of SunEdison Acquisition during the year ended 31 March 2017.

Profit before taxation

For the reasons discussed above, we earned profit before tax of US$50.3 million in FY 2018 compared to profit of US$29.5 million in FY 2017.

Income tax expense

Income tax expense was US$17.4 million in FY 2018, US$1.2 million in FY 2017.

Our subsidiaries in India which are engaged in power generation benefited from a tax holiday from the standard Indian corporate tax in FY 2018. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these subsidiaries are still liable to pay minimum alternate tax which is calculated on the book profits of the relevant subsidiary, the rate of which was 20.59% in FY 2018, 20.39% in FY 2017.

Profit for the year

As a result of the foregoing, we earned profit of US$32.9 million in FY 2018 compared to profit of US$28.3 million in FY 2017.

Liquidity and Capital Resources

Overview

As of March 31, 2018, our consolidated bank deposits were US$114.5 million and our cash and cash equivalents were US$94.7 million. Bank deposits aggregating US$61.3 million were restricted as of March 31, 2018.

Our principal financing requirements are primarily for:

- construction and development of new projects;
- maintenance and operation of projects;
- funding our working capital needs;
- potential investments in new acquisitions; and
- general corporate purposes.

We fund our operations and capital requirements primarily through cash flows from operations and borrowings under credit facilities from banks and other financial institutions as well as equity raising at the Parent Guarantor and, in the past, Greenko Mauritius. We believe that our credit facilities, together with cash generated from our operations, cash from investment by our shareholders, will be sufficient to finance our working capital needs for the next 12 months. We expect that cash flow from operations and our credit facilities will continue to be our principal sources of cash in the medium term. However, there can be no assurance that additional financing will be available, or if available, that it will be available on terms acceptable to us.

We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the progress of our various under-construction and under-active development projects, acquisition opportunities and market conditions. We expect to incur significant capital expenditures for the year ended March 31, 2019 as we develop and construct new projects and expand our operations.

Cash Flows

Our summarized statement of consolidated cash flows is set forth below:

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2017
	(US$ in millions)	
Consolidated Cash Flow Statement		
Net cash from operating activities	213.9	19.4
Net cash used in investing activities	(192.0)	(700.6)
Net cash from/ (used in) financing activities	(89.8)	774.1
Cash and cash equivalents at the beginning of the year	164.2	71.8
Cash and cash equivalents at the end of the year	94.7	164.2

In FY 2018, the net cash from operating activities was US$213.9 million. This net cash inflow was primarily attributable to (i) profit before tax of US$50.3 million and positive non-cash adjustment for finance cost of US$204.9 million and depreciation and amortization of US$101.1 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US$135.2 million, (ii) changes in working capital of US$19.4 million and (iii) a decrease in taxes paid of US$7.0 million. Changes in working capital primarily comprised a decrease in trade and other receivables of US$17.8 million and a decrease in trade and other payables of US$4.0 million.

In FY 2017, the net cash from operating activities was US$19.4 million. This net cash inflow was primarily attributable to (i) profit before tax of US$29.5 million and positive non-cash adjustment for finance cost of US$142.5 million and depreciation and amortization of US$65.9 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US$98.5 million, (ii) changes in working capital of US$116.0 million and (iii) a decrease in taxes paid of US$8.6 million. Changes in working capital primarily comprised a decrease in trade and other receivables of US$24.1 million and a decrease in trade and other payables of US$91.8 million.

Net cash from/ (used in) investing activities

In FY 2018, our net cash used in investing activities of US$192.0 million primarily consist of (i) US$125.2 million in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors, (ii) US$30.4 million in relation to the acquisition of solar entities, (iii) US$2.9 million investment in equity-accounted investees and (iv) advances given to equity-accounted investees of US$129.4 million, offset by maturity of bank deposits of US$91.1 million and interest received of US$6.3 million.

In FY 2017, our net cash used in investing activities of US$700.6 million primarily consisted of (i) US$464.5 million in purchase of property, plant and equipment and capital expenditure primarily relating to our projects under construction or development, (ii) US$51.3 million in relation to the SunEdison Acquisition and the acquisition of Jongini hydropower plant, (iii) US$52.2 million investment in equity-accounted investees and (iv) bank deposits of US$103.4 million, offset by advances from equity-accounted investees of US$11.2 million and interest received of US$4.9 million.

Net cash from/ (used in) financing activities

In FY 2018, our net cash used in financing activities of US$85.9 million was primarily attributable to US$1,172.8 million of proceeds from borrowings, including 2017 Notes, offset in part by US$1,037.3 million in repayment of borrowings and US$225.9 million in interest paid.

In FY 2017, our net cash from financing activities of US$774.1 million was primarily attributable to US$1,085.3 million of proceeds from borrowings, including 2016 Notes, and US$302.3 million from the issue of shares offset in part by US$428.6 million in repayment of borrowings and US$184.9 million in interest paid.

Results of Operations — Greenko Investment Company Combined Financial Statements

Fiscal year ended March 31, 2018 Compared to Fiscal year ended March 31, 2017

As of 31 March 2018, the Restricted Group II accounted for 19.8% of the total installed capacity of our operational projects, consisting of 3 operational hydro power project with a total installed capacity of 128.5MW (33.8% of the total installed capacity of our operational hydro power projects) and 6 operational wind energy projects with a total installed capacity of 374.0 MW (34.2% of the total installed capacity of our operational wind energy projects).

Wind power project of 100.0 MW have been acquired during the year ended 31 March 2018.

Revenue

Revenue for the Restricted Group II increased by 52.4% to US$74.0million in the FY 2018 from US$48.5 million in the FY 2017. The increase was primarily due to an increase in the sale of power.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
	(US$ in Millions)	
Revenue	71.5	46.5
Generation based incentive	2.5	2.0
Installed capacity at beginning of year (MW)	402.5	296.5
Installed capacity at end of period(MW)	502.5	402.5
Generation in (Gwh)	1,118.2	664.2

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
	(US$ in Millions)	
Revenues from hydro power projects	23.1	4.5
Revenues from wind energy projects	50.9	44.0

Revenue from the hydro power projects of Restricted Group II in the FY 2018 was increased by 5.1 times to US$23.1 million compared to US$4.5 million in the FY 2017. Revenue from the wind power projects of Restricted Group II increased to US$50.9 million compared to US$44.0 million in the previous year. Generation in the Restricted Group II increased to 1,118.2 GWh in the FY 2018 compared to 664.2 GWh in the FY 2017, increase is mainly due to acquisition of 100 MW operational project

Power generation expenses

Power generation expenses for the Restricted Group II in the FY 2018 was US$3.9 million compared to US$1.1 million in the FY 2017. Power generation expenses in the FY 2018 was 5.2% of revenue compared to 2.2% of revenue in the FY 2017.

Employee benefits expense

Employee benefits expense for the Restricted Group II in the FY 2018 was US$3.0 million compared to US$1.1 million in the FY 2017. The largest component of employee benefits expense was salaries and wages, which have generally increased period on period on account of increments and increased head count.

Other operating expenses

Other operating expenses was US$4.5 million in FY 2018 compared to US$1.7 million in the FY 2017. Other operating expenses include office administration, office rent, travelling expenses, professional charges, communication, internet, stationary, rates and taxes which have generally increased period on period as a result of the increase in operational projects.

Depreciation and amortization

Depreciation and amortization for the Restricted Group II in the FY 2018 was US$26.6 million compared to US$17.0 million in the FY 2017, primarily due to increase in the operating capacity of Restricted Group II.

Finance income

Finance income for the Restricted Group II in the FY 2018 was US$1.7 million compared to US$1.4 million in the FY 2017, primarily due to an increase in interest on bank deposits.

Finance cost

Finance cost for the Restricted Group II in the FY 2018 was US$41.9 million compared to US$42.7 million in the FY 2017, which was primarily on account of increase in interest on borrowings which is increased to US$588.1 million as of March 31, 2018 compared to US$485.5 million as of March 31, 2017, offset in part by decrease in derivative instrument charges.

Loan restructuring costs

We recognized loan restructuring costs of US$7.8 million during the FY 2017 representing the cost of prepayment and unamortized transaction costs attributable to the refinancing of existing rupee loans of Restricted Group II entities.

Loss before income tax

Loss before income tax for the Restricted Group II for the FY 2018 was US$4.0 million compared to Loss of US$21.3 million for the FY 2017.

Income tax expense

Income tax expense for the Restricted Group II in the FY 2018 was US$3.8 million compared to US$1.8 million in the FY 2017, primarily due to increase in current tax.

Loss for the year

As a result of the foregoing, the Restricted Group II's loss for the FY 2018 was US$7.9 million compared to loss of US$23.1 million for the FY 2017.

Liquidity and Capital Resources

Overview

As of March 31, 2018, the Restricted Group II bank deposits were US$5.0 million and cash and cash equivalents were US$31.6 million. The Restricted Group II's principal financing requirements are primarily for:

- maintenance and operation of projects;
- funding our working capital needs; and
- general corporate purposes.

We fund the Restricted Group II operations and capital requirements primarily through cash flows from operations. We believe that the cash generated from the Restricted Group's operations will be sufficient to finance its working capital needs for the next 12 months. We expect that these sources will continue to be the Restricted Group II principal sources of cash in the medium term. However, there can be no assurance that additional financing will be available, or if available, that it will be available on terms acceptable to the Restricted Group II.

Cash Flows

Our summarized statement of the Restricted Group II cash flows is set forth below:

	For the fiscal year ended March 31, 2018	**For the fiscal year ended March 31, 2017**
	(US$ in Millions)	
Net cash generated from operating activities	74.0	26.0
Net cash from/ (used in) investing activities	24.8	(20.8)
Net cash (used in)/from financing activities	(91.6)	13.9
Cash and cash equivalents at the beginning of the year	24.5	3.3
Cash and cash equivalents at the end of the year	31.6	24.5

Net cash flow from operating activities

In the FY 2018, the Restricted Group II net cash from operating activities of US$74.0 million was primarily attributable to adjustments of US$16.3 million increase in trade and other receivables, US$3.6 million decrease in trade and other payables, US$26.6 million for depreciation and amortization and US$41.9 million for finance cost.

In the FY 2017, the Restricted Group II net cash from operating activities of US$26.0 million was primarily attributable to adjustments of US$8.0 million increase in trade and other receivables, US$9.8 million decrease in trade and other payables, US$17.0 million for depreciation and amortization, US$42.7 million for finance cost and US$7.8 million for loan restructuring costs.

Net cash from/ (used in) investing activities

In the FY 2018, the Restricted Group II net cash from investing activities of US$24.7 million primarily US$25.4 million from maturity of bank deposits and which was partially offset by US$0.7 million in purchase of property, plant and equipment and capital expenditure, US$1.9 million paid to unrestricted entities towards acquisition of business.

In the FY 2017, the Restricted Group II net cash used in investing activities of US$20.8 million primarily US$ 24.5 million investment in bank deposits and offset by decrease in capital advances of US$2.3 million.

Net cash from/ (used in) financing activities

In the FY 2018, the Restricted Group II net cash used in financing activities of US$91.6 million was primarily attributable to (i) US$49.1 million for interest payment (iii) US$46.8 million in repayment of borrowings to unrestricted group and offset by proceeds from borrowings of US$4.7 million.

In the FY 2017, the Restricted Group II net cash from financing activities of US$13.9 million was primarily attributable to (i) Proceeds from borrowings of US$486.4 million, (ii) US$343.7 million in repayment of borrowings (iii) US$45.4 million for interest payment (iii) US$83.0 million in repayment of borrowings to unrestricted group.