

GREENKO DUTCH B.V. (RESTRICTED GROUP)  
COMBINED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 MARCH 2016

**GREENKO DUTCH B.V. (RESTRICTED GROUP)**  
**CONTENTS**

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	<b>Pages</b>
INDEPENDENT AUDITORS' REPORT	2 - 3
COMBINED STATEMENT OF FINANCIAL POSITION	4
COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5 - 6
COMBINED STATEMENT OF CHANGES IN EQUITY	7
COMBINED STATEMENT OF CASH FLOWS	8
NOTES TO THE COMBINED FINANCIAL STATEMENTS	9 - 39

## **Independent Auditors' Report**

To the Board of Directors of Greenko Dutch B.V.

### **Report on Combined Financial Statements**

We have audited the accompanying combined financial statements of the Restricted Group which consists of the Greenko Dutch B.V. ("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"), and which comprise the combined statement of financial positions as at 31 March 2016, the combined statement of profit or loss, other comprehensive income, changes in equity and cash flows for the fifteen months period ended 31 March 2016 and the related notes, comprising a summary of significant accounting policies and other explanatory information to the combined financial statements.

### **Management's Responsibility 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"). Management's responsibility includes determining the acceptability of the basis of preparation in the circumstances, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

## **Independent Auditors' Report to the Board of Directors of Greenko Dutch B.V. (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the Restricted Group as at 31 March 2016, and its combined financial performance and its combined cash flows for the fifteen months period then ended in accordance with International Financial Reporting Standards.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 3.1 to the combined financial statements, which described that the Company has not formed a separate legal group of entities during the period ended 31 March 2016, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group's combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented, nor may they be indicative of the results of operations of the Restricted Group 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. As a result, the combined financial statements may not be suitable for another purpose.

### **Other matter**

The combined financial statements of the Restricted Group for the nine months period ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those combined financial statements on 30 April 2015.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024

Sd/-

**Sriram Mahalingam**

*Partner*

Membership number: 049642

Place: Hyderabad

Date: 29 July 2016

**Combined statement of financial position**

	Notes	As at 31 March 2016	As at 31 December 2014
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	8	173,169,098	13,833,090
Property, plant and equipment	9	731,059,468	668,155,881
Bank deposits	14	23,520,671	22,104,711
Trade and other receivables	11	349,218	1,218,906
Other non-current financial assets	10	3,950,420	2,769,369
		<b>932,048,875</b>	<b>708,081,957</b>
<b>Current assets</b>			
Inventories	12	2,861,247	5,343,015
Trade and other receivables	11	37,866,695	37,128,726
Bank deposits	14	637,182	4,699,326
Current tax assets		1,028,553	-
Cash and cash equivalents	13	46,530,039	65,568,340
		<b>88,923,716</b>	<b>112,739,407</b>
<b>Total assets</b>		<b>1,020,972,591</b>	<b>820,821,364</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Invested equity		196,487,979	196,487,979
Currency translation deficit		(76,556,537)	(45,468,546)
Other reserves		202,229,302	1,068,671
Retained earnings		35,753,372	47,254,921
<b>Total equity attributable equity holders of the restricted group</b>		<b>357,914,116</b>	<b>199,343,025</b>
Non-controlling interests		1,040,117	500,909
<b>Total equity</b>		<b>358,954,233</b>	<b>199,843,934</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	21	370,631	282,040
Borrowings	17	569,942,552	529,224,971
Deferred tax liabilities	18	53,588,262	11,298,399
		<b>623,901,445</b>	<b>540,805,410</b>
<b>Current liabilities</b>			
Trade and other payables	16	23,505,278	47,204,566
Current tax liabilities		305,030	1,496,614
Borrowings	17	1,428,161	8,751,357
Borrowings from unrestricted group	28	12,878,444	22,719,483
		<b>38,116,913</b>	<b>80,172,020</b>
<b>Total liabilities</b>		<b>662,018,358</b>	<b>620,977,430</b>
<b>Total equity and liabilities</b>		<b>1,020,972,591</b>	<b>820,821,364</b>

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

Director

Director

**Combined statement of profit or loss**

	Notes	For the 15 months	For the 9 months
		period ended	period ended
		31 March 2016	31 December 2014
Revenue	19	123,332,713	90,359,933
Other operating income	20	156,753	5,109,165
Power generation expenses		(11,309,080)	(3,128,438)
Employee benefits expense	22	(6,176,346)	(2,919,675)
Other operating expenses		(8,418,587)	(3,937,345)
Excess of Restricted Group's interest in the fair value of acquiree's assets and liabilities over cost	27	-	2,036,236
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>97,585,453</b>	<b>87,519,876</b>
Depreciation and amortisation	8 & 9	(33,955,286)	(16,525,355)
<b>Operating profit before exceptional items</b>		<b>63,630,167</b>	<b>70,994,521</b>
Exceptional items (net)	24	-	6,177,759
<b>Operating profit</b>		<b>63,630,167</b>	<b>77,172,280</b>
Finance income	23	1,606,911	1,286,878
Finance cost	23	(67,136,085)	(34,746,059)
<b>Profit/(Loss) before tax</b>		<b>(1,899,007)</b>	<b>43,713,099</b>
Income tax expense	25	(9,063,334)	(8,634,194)
<b>Profit/(Loss) for the period</b>		<b>(10,962,341)</b>	<b>35,078,905</b>
<b>Attributable to:</b>			
Equity holders of the Restricted Group		(11,501,549)	34,674,922
Non-controlling interests		539,208	403,983
		<b>(10,962,341)</b>	<b>35,078,905</b>

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

**Greenko Dutch B.V. (Restricted Group)***(All amounts in US Dollar unless otherwise stated)***Combined statement of comprehensive income**

	<b>31 March 2016</b>	<b>31 December 2014</b>
Profit/(Loss) for the period	(10,962,341)	35,078,905
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	(31,087,991)	(32,112,856)
<b>Total other comprehensive income</b>	<b>(31,087,991)</b>	<b>(32,112,856)</b>
<b>Total comprehensive income</b>	<b>(42,050,332)</b>	<b>2,966,049</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Restricted Group	(42,589,540)	2,562,066
Non-controlling interest	539,208	403,983
	<b>(42,050,332)</b>	<b>2,966,049</b>

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

## Combined statement of changes in equity

	Invested equity	Currency translation deficit	Other reserves	Retained earnings	Total equity attributable to the equity holders of the restricted group	Non-controlling interests	Total equity
At 1 April 2014	185,897,025	(13,355,690)	584,688	14,299,263	187,425,286	96,926	187,522,212
Transactions with the Unrestricted Group	10,590,954	-	-	(1,719,264)	8,871,690	-	8,871,690
Government grants	-	-	483,983	-	483,983	-	483,983
Transaction with owners	10,590,954	-	483,983	(1,719,264)	9,355,673	-	9,355,673
Profit for the period	-	-	-	34,674,922	34,674,922	403,983	35,078,905
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	-	(32,112,856)	-	-	(32,112,856)	-	(32,112,856)
<b>At 1 January 2015</b>	<b>196,487,979</b>	<b>(45,468,546)</b>	<b>1,068,671</b>	<b>47,254,921</b>	<b>199,343,025</b>	<b>500,909</b>	<b>199,843,934</b>
Adjustments (Refer note 3.1 (c))	-	-	201,160,631	-	<b>201,160,631</b>	-	<b>201,160,631</b>
Loss for the period	-	-	-	(11,501,549)	<b>(11,501,549)</b>	539,208	<b>(10,962,341)</b>
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	-	(31,087,991)	-	-	<b>(31,087,991)</b>	-	<b>(31,087,991)</b>
<b>At 31 March 2016</b>	<b>19,64,87,979</b>	<b>(76,556,537)</b>	<b>202,229,302</b>	<b>35,753,372</b>	<b>357,914,116</b>	<b>1,040,117</b>	<b>358,954,233</b>

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



**Greenko Dutch B.V. (Restricted Group)***(All amounts in US Dollar unless otherwise stated)***Combined statement of cash flow**

	Notes	31 March 2016	31 December 2014
<b>A. Cash flows from operating activities</b>			
Profit/(Loss) before income tax		(1,899,007)	43,713,099
<i>Adjustments for</i>			
Depreciation and amortization	8 & 9	33,955,286	16,525,355
Other income		-	(5,109,165)
Exceptional items, net		-	(6,177,759)
Finance income		(1,606,911)	(1,286,878)
Finance cost		67,136,085	34,746,059
Excess of Restricted Group's interest in the fair value of acquiree's assets and liabilities over cost		-	(2,036,236)
<i>Changes in working capital</i>			
Inventories		1,274,586	(824,478)
Trade and other receivables		(13,010,484)	(6,432,246)
Trade and other payables		(1,646,674)	(412,998)
<i>Cash generated from operations</i>			
		84,202,881	72,704,753
Taxes paid		(7,045,667)	(1,774,214)
<b>Net cash from operating activities</b>		<b>77,157,214</b>	<b>70,930,539</b>
<b>B. Cash flows from investing activities</b>			
Purchase of property, plant and equipment and capital expenditure		(18,338,197)	(83,847,642)
Acquisition of business, net of cash acquired	27	-	(17,854,375)
Purchase of investments		-	(3,838,037)
Investment in mutual funds		-	(16,455)
Bank deposits		3,939,278	2,751,253
Interest received		1,600,773	696,047
<b>Net cash used in investing activities</b>		<b>(12,798,146)</b>	<b>(102,109,209)</b>
<b>C. Cash flows from financing activities</b>			
Increase in the invested equity		-	13,282,373
Proceeds/ (Repayment) of Borrowings from/(to) the Unrestricted Group		(9,018,785)	(61,059,373)
Proceeds from borrowings		3,169,929	611,835,737
Repayment of borrowings		(8,566,542)	(446,903,669)
Interest paid		(70,854,867)	(31,555,070)
<b>Net cash from/ (used in) financing activities</b>		<b>(85,270,265)</b>	<b>85,599,998</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		(20,911,197)	54,421,328
Cash and cash equivalents at the beginning of the period	13	65,568,340	9,629,675
Exchange gain on cash and cash equivalents		1,872,896	1,517,337
<b>Cash and cash equivalents at the end of the period</b>	13	<b>46,530,039</b>	<b>65,568,340</b>

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

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **Notes to the combined financial statements**

#### **1. General information**

Greenko Dutch B.V. ("Greenko Dutch" or "the Company") was incorporated on 19 June 2014 as a private company with limited liability and has its registered office at Hoofdweg, 52A, 3067GH, Rotterdam, Netherlands. Greenko Dutch is a wholly owned subsidiary of Greenko Mauritius. Greenko Dutch is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India.

The Company has issued Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Dutch invested issue proceeds, net of issue expenses and interest reserve, in Non-Convertible Debentures ("NCDs") of certain operating Indian subsidiaries of the Greenko Mauritius to replace their existing Rupee debt. These Indian subsidiaries in which Greenko Dutch 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 Greenko Energy Holdings and primarily comprise the operating hydro and wind portfolio. Further, the assets of restricted entities have been pledged to secure non-convertible debentures through an Indian trustee. Greenko Dutch 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 Dutch B.V. (the Restricted Group)" or "the Restricted Group".

On 20 November 2015, Greenko Energy Holdings, Mauritius has acquired 100% shareholding in Greenko Mauritius from Greenko Group Plc, GEEMF III GK Holdings MU and Cambourne Investment Pte Ltd through multiple Share Purchase Agreements ("SPA").

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"). The Greenko Group is also a part of the Clean Development Mechanism ("CDM") process and Renewable Energy Certificates ("REC").

#### **2. Purpose of the Combined Financial Statements**

The combined financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. The combined financial statements presented herein reflect the Restricted Group's results of operations, assets and liabilities and cash flows for the period 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. 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 Restricted Group has changed the financial year from "January to December" to "April to March" to be in conformity with its parent. As a result, the combined financial statements are prepared for a period of fifteen months from 1 January 2015 to 31 March 2016. The previous period's combined financial statements were presented for the period of nine months from 1 April 2014 to 31 December 2014. Accordingly, the comparative amounts for the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes are not comparable.

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

### 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 Dutch to prepare combined financial statements of the Restricted Group entities and Greenko Dutch for the purpose of submission to the bond holders. These combined financial statements as at and for the period ended 31 March 2016, have been prepared on a basis that combines statements of income, statements of comprehensive income, financial position and cash flows of the legal entities comprising the Restricted Group entities and Greenko Dutch

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

	31 March 2016	31 December 2014
AMR Power Private Limited	100%	100%
Greenko Anubhav Hydel Power Private Limited	100%	100%
Greenko Astha Projects (India) Private Limited	100%	100%
Greenko AT Hydro Power Private Limited	100%	100%
Greenko Cimaron Constructions Private Limited	100%	100%
Fortune Five Hydel Projects Private Limited	100%	100%
Hemavathy Power & Light Private Limited	100%	100%
Greenko Him Kailash Hydro Power Private Limited	100%	100%
Jasper Energy Private Limited	100%	100%
Greenko Budhil Hydro Projects Private Limited	100%	100%
Mangalore Energies Private Limited	99.13%	99.13%
Matrix Power (Wind) Private Limited	74%	74%
Rangaraju Warehousing Private Limited	100%	100%
Ratnagiri Wind Power Projects Private Limited	100%	100%
Greenko Rayala Wind Power Company Private Limited	100%	100%
Rithwik Energy Generation Private Limited	100%	100%
Sai Spurthi Power Private Limited	100%	100%
Greenko Sri Sai Krishna Hydro Energies Private Limited	100%	100%
Greenko Tarela Power Private Limited	100%	100%
Greenko Tejassarnika Hydro Energies Private Limited	100%	100%

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

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

The combined financial statements have been prepared in accordance with IFRS as modified by commonly used carve-out principles. 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

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

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. All intercompany transactions and balances within the Restricted Group have been eliminated in full. Transactions between the Restricted Group and other entities of Greenko Group (hereinafter referred to as “the Unrestricted Group”) that are eliminated in the consolidated financial statements of Greenko 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. Invested equity, therefore, represents the combined share capital of the Restricted Group held by the Parent duly adjusted for any differential consideration paid or received by a restricted entity under internal group restructuring. Earnings Per Share have not been presented in these combined financial statements, as Greenko Dutch 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 7).

### **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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Restricted Group. 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’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 Group 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.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

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

Common expenses, if any that are incurred outside the Restricted Group has not been captured in these combined financial statements.

### **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) 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 and allocated based on carrying value of these assets and liabilities.

The Restricted Group was earlier controlled by Greenko Group Plc by way of equity holding in Greenko Mauritius. Greenko Energy Holdings has acquired 100% equity in Greenko Mauritius on 20 November 2015. An adjustment has been made in the combined financial statements to reflect the effect of this acquisition by the parent during the period using the Top Down Approach. The associated goodwill, intangible assets and certain fair value adjustments recorded by parent in accordance with IFRS 3 "Business Combinations" have been allocated to the Restricted Group entities and accordingly presented in these historical combined financial statements as if the Restricted Group business as of the acquisition date. Management believes that this presentation fairly reflects the financial performance of the Restricted Group as would be seen by the users of the combined financial statements. The resultant fair value adjustments to these historical combined financial statements are presented in Equity under Other Reserves.

## **3.2 Segment reporting**

The Restricted Group's operations predominantly relate to generation and sale of electricity. The chief operating decision maker of the Greenko Group evaluates the Restricted Group'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 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 US\$ and that of Restricted Group 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 in the 'currency translation reserve' component of equity. Foreign exchange gains and losses that relate to financial liabilities are presented in the income statement within 'Finance costs'.

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

### c) Restricted Group entities

The results and financial position of all the Restricted 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 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.

### 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 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:

<b>Asset category</b>	<b>Useful life</b>
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.

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

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.

### 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'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.

<b>Asset category</b>	<b>Useful life</b>
Licences	14 - 40 years
Power purchase agreements ("PPA")	5 years

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

### 3.6 Impairment of non-financial assets

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently when there is an indication that there may be impairment. 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 3.7 Financial assets

The Restricted 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, and subsequently if there is a change in contractual terms or circumstances that warrants a change in classification.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

The Restricted Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Investments 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 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 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 3.11.

The Restricted 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 Restricted Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Restricted Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Restricted Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Restricted 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 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 which are classified as non-current assets. The Restricted Group's loans and receivables comprise trade and other receivables, bank deposits and cash and cash equivalents in the statement of financial position (notes 3.11, 3.12 and 3.13). 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.

### b) Financial assets at 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. 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.



## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **3.8 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 recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 10. The Restricted Group 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 derecognises financial liabilities when, and only when, the Restricted 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.

#### **3.8.1 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.

#### **3.8.2 Equity instruments**

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

### **3.9 Derivative financial instruments**

The Restricted 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 financial instruments are disclosed in note 10.

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 statement of 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.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **3.9.1 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.

### **3.10 Inventories**

#### **a) 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.

#### **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 statement of profit or loss in the same period as the related revenues are recognised.

### **3.11 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, if the effect of discounting is considered material. 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 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.

### **3.12 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.

### **3.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank, and short-term deposits with an original maturity period of three months or less. 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.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **3.14 Equity**

Refer note 3.1 for policy on "Invested equity".

Other reserves includes all other transactions with the owners in their capacity as owners, impact of changes in the ownership interest in Restricted Group entities by Greenko Group do not result in loss of control and fair value adjustments as explained in note 3.1(c).

Currency translation differences arising on the translation of the Restricted Group's financial statements into presentation currency are included in the currency translation reserve.

### **3.15 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.

### **3.16 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.

### **3.17 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 Company'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;

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

- 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.

### **3.18 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 Restricted Group. The Restricted Group operates two retirement benefit plans.

#### **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 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 has no further obligation under the Provident Fund beyond its contribution, which is expensed when accrued.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **3.19 Provisions**

Provisions are recognised when the Restricted Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Restricted Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to 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.

### **3.20 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 are met in accordance with the guidelines issued by regulatory authority for GBI Scheme.

#### **d) Interest income**

Interest income is recognised as the interest accrues to the net carrying amount of the financial asset using the net effective interest method.

### **3.21 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.

### **3.22 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.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **4. Presentation of 'EBITDA' on the statement of profit or loss**

The Restricted Group 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's operating results, profitability and ability to service debt and because EBITDA is used by Restricted Group's chief operating decision makers to track business evolution, establish operational and strategic targets and make important business decisions. EBITDA is calculated as operating profit before depreciation, amortisation and Impairment.

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Restricted 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 Restricted Group's operating results as reported under IFRS. EBITDA is not a direct measure of the Restricted 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 Restricted Group's financial commitments.

### **5. Recent Accounting Pronouncements**

**The following standards which may be significant to the Restricted Group, have been issued but are not yet effective:**

#### **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 1 January 2018, with early application permitted. The Restricted Group is in the process of evaluating the impact of the new standard on its combined financial statements.

#### **IFRS 15 - Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". The core principle of the guidance is that an entity should 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 1 January 2017. However, in April 2015, the IASB voted to defer the effective date of the new revenue recognition standard to 1 January 2018. Early application of the new standard is permitted. The Restricted Group is in the process of evaluating the impact of the new standard on its combined financial statements.

#### **IFRS 16 - Leases**

In January 2016, the IASB issued a new standard, IFRS 16, "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, "Leases", and related interpretations and is effective for periods beginning on or after 1 January 2019. Earlier adoption of IFRS 16 is permitted if IFRS 15, "Revenue from Contracts with Customers", has also been applied. The Restricted Group is currently in the process of evaluating the impact of this new accounting standard on its combined financial statements.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **Amendment to IAS 1**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The Restricted Group is currently in the process of evaluating the impact of this amendment on its combined financial statements.

## **6. Financial risk management**

### **6.1 Financial risk factors**

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

#### **6.1.1 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 (i) foreign exchange risk and (ii) interest rate risk.

##### **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 are conducted in functional currency of its subsidiaries and further, the foreign currency assets/liabilities of these subsidiaries as at 31 March 2016 are not significant. Accordingly, the Restricted Group considers the impact of foreign exchange risk on the statement of profit or loss as not material.

The translation of INR subsidiaries into USD for the combined financial statements of Restricted Group 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's cash flow.

##### **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 has no significant interest-bearing assets other than investment in bank deposits, the Restricted Group's income and operating cash flows are substantially independent of changes in market interest rates. The Restricted Group considers the impact of fair value interest rate risk on investment in bank deposits are not material as majority of the non-current bank deposits do not carry any interest. A significant portion of the Restricted Group's borrowings carry fixed rate of interest, however, as these debts are carried at amortized cost, there is no fair value interest rate risk to the Restricted Group. The Restricted Group's interest rate risk arises from borrowings at variable rates which are not significant as at 31 March 2016. Accordingly the Restricted Group considers the impact of interest rate risk on the statement of profit or loss as not material.

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

### 6.1.2 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 Restricted Group's credit risk arises from accounts receivable balances on sales to customers. In respect of trade and other receivables, the Restricted 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 Restricted 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 Restricted Group's also has trade receivables due from private parties. The Restricted Group 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 10 for details).

The Restricted Group maintains banking relationships with only creditworthy banks which it reviews on an on-going basis. The Restricted 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.

### 6.1.3 Liquidity risk

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

The Restricted Group intends to be acquisitive in the immediate future. In respect of its existing operations, the Restricted Group funds its activities primarily through long-term loans secured against each power plant. The Restricted 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.

The table below analyses the Restricted Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Restricted 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.

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
<b>At 31 March 2016</b>				
Borrowings				
- Principal	1,428,161	1,507,613	550,000,000	452,284
- Interest	44,226,911	44,146,248	66,251,018	663,535
Trade and other payables	23,505,278	-	-	-
<b>Total</b>	<b>69,160,350</b>	<b>45,653,861</b>	<b>616,251,018</b>	<b>1,115,819</b>
<b>At 31 December 2014</b>				
Borrowings				
- Principal	8,751,357	30,866	528,720,396	473,709
- Interest	44,267,851	44,000,000	132,000,000	-
Trade and other payables	47,204,566	-	-	-
<b>Total</b>	<b>100,223,774</b>	<b>44,030,866</b>	<b>660,720,396</b>	<b>473,709</b>



## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **6.1.4 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 for similar financial instruments.

## **7. 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.

### **7.1 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 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 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 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 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 acquired during the period. 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 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 has considered its investment in non-convertible debentures of Indian subsidiaries as part of its net investment in foreign operation. The Restricted 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.

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **7.2 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 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 for similar financial instruments.

#### **b) Income taxes**

The Restricted Group is subject to income taxes in two jurisdictions viz., Indian and Dutch income taxes. Significant judgment is required in determining provision for income taxes. The Restricted 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.

#### **c) Estimated impairment of goodwill**

In accordance with the accounting policy stated in note 3.5, the Restricted 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.

#### **d) Useful life of depreciable assets**

Management reviews the useful life of depreciable assets at each reporting date, based on the expected utility of the assets to the Restricted Group. The carrying amounts are analysed in note 8 and 9.

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**Greenko Dutch B.V. (Restricted Group)***(All amounts in US Dollar unless otherwise stated)***8. Intangible assets**

	<b>Licences</b>	<b>Electricity PPAs</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>				
At 1 April 2014	5,474,210	515,807	3,528,020	9,518,037
Acquisition on business combination (note 27)	5,832,361	-	-	5,832,361
Exchange differences	(584,954)	(26,308)	(179,939)	(791,201)
At 31 December 2014	10,721,617	489,499	3,348,081	14,559,197
Adjustments {Refer Note 3.1 (c)}	26,523,852	3,510,292	130,550,319	160,584,463
Exchange differences	(580,892)	(34,840)	(623,794)	(1,239,526)
<b>At 31 March 2016</b>	<b>36,664,577</b>	<b>3,964,951</b>	<b>133,274,606</b>	<b>173,904,134</b>
<b>Accumulated amortisation</b>				
At 1 April 2014	290,549	206,323	-	496,872
Charge for the period	188,513	81,287	-	269,800
Exchange differences	(22,180)	(18,385)	-	(40,565)
At 31 December 2014	456,882	269,225	-	726,107
Adjustments {Refer Note 3.1 (c)}	(682,123)	(341,255)	-	(1,023,378)
Charge for the period	693,608	368,612	-	1,062,220
Exchange differences	(20,111)	(9,802)	-	(29,913)
<b>At 31 March 2016</b>	<b>448,256</b>	<b>286,780</b>	<b>-</b>	<b>735,036</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>36,216,321</b>	<b>3,678,171</b>	<b>133,274,606</b>	<b>173,169,098</b>
At 31 December 2014	10,264,735	220,274	3,348,081	13,833,090

Amortisation and impairment charges are included under 'Depreciation and amortisation' in the statement of profit or loss. The average remaining amortization period for licences is 27.17 years and for electricity PPA is 4.64 years.

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

- Gross Margin** - The Restricted 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.
- 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's business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.
- 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 13.7% to 17%.

**Greenko Dutch B.V. (Restricted Group)**
*(All amounts in US Dollar unless otherwise stated)*
**9. Property, plant and equipment**

	Land	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Capital work-in-progress	Total
<b>Cost</b>							
At 1 April 2014	6,391,383	112,939,809	320,045,922	985,458	1,146,073	120,545,056	562,053,701
Additions	4,653,241	1,626,612	131,406,805	134,265	56,264	70,896,059	208,773,246
Disposals/Capitalisation	-	-	-	-	-	(139,071,933)	(139,071,933)
Acquisition through business combination	130,295	9,458,007	97,909,932	102,483	33,328	-	107,634,045
Exchange differences	(520,908)	(6,321,811)	(26,787,924)	(61,060)	(62,475)	(2,118,561)	(35,872,739)
At 31 December 2014	<b>10,654,011</b>	<b>117,702,617</b>	<b>522,574,735</b>	<b>1,161,146</b>	<b>1,173,190</b>	<b>50,250,621</b>	<b>703,516,320</b>
Adjustments {Refer Note 3.1 (c)}	3,343,368	7,131,286	52,520,065	(546,804)	(459,468)	-	61,988,447
Additions	1,633,849	6,454,119	43,407,500	231,870	14,936	4,424,435	56,166,709
Disposals/Capitalisation	-	-	-	-	-	(47,740,020)	(47,740,020)
Exchange differences	(531,155)	(5,496,232)	(24,794,300)	(55,818)	(51,739)	(1,286,678)	(32,215,922)
<b>At 31 March 2016</b>	<b>15,100,073</b>	<b>125,791,790</b>	<b>593,708,000</b>	<b>790,394</b>	<b>676,919</b>	<b>5,648,358</b>	<b>741,715,534</b>
<b>Accumulated depreciation</b>							
At 1 April 2014	-	9,278,480	10,894,287	289,098	352,346	-	20,814,211
Charge for the period	-	2,810,857	13,258,416	94,695	91,587	-	16,255,555
Exchange differences	-	(586,876)	(1,082,453)	(18,356)	(21,642)	-	(1,709,327)
At 31 December 2014	-	<b>11,502,461</b>	<b>23,070,250</b>	<b>365,437</b>	<b>422,291</b>	-	<b>35,360,439</b>
Adjustments {Refer Note 3.1 (c)}	-	(14,903,921)	(39,665,919)	(423,668)	(496,721)	-	(55,490,229)
Charge for the period	-	5,668,956	26,861,352	201,408	161,350	-	32,893,066
Exchange differences	-	(577,713)	(1,489,755)	(18,982)	(20,760)	-	(2,107,210)
<b>At 31 March 2016</b>	-	<b>1,689,783</b>	<b>8,775,928</b>	<b>124,195</b>	<b>66,160</b>	-	<b>10,656,066</b>
<b>Net book value</b>							
<b>At 31 March 2016</b>	<b>15,100,073</b>	<b>124,102,007</b>	<b>584,932,072</b>	<b>666,199</b>	<b>610,759</b>	<b>5,648,358</b>	<b>731,059,468</b>
At 31 December 2014	10,654,011	106,200,156	499,504,485	795,709	750,899	50,250,621	668,155,881

During the period, the Restricted Group has capitalised borrowing costs amounting to US\$ 412,420 (31 December 2014: US\$3,032,399) on qualifying assets during construction. Note 26(f) provide details of asset purchase commitments outstanding as at 31 March 2016.

**Greenko Dutch B.V. (Restricted Group)**  
*(All amounts in US Dollar unless otherwise stated)*

**10. Financial assets and liabilities**

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

**31 March 2016**

	<b>Loans and receivables</b>	<b>Financial assets at FVTPL</b>	<b>Total</b>
<b>Financial assets</b>			
<b>Non-current</b>			
Bank deposits (note 14)	23,520,671	-	23,520,671
Trade and other receivables (note 11)	349,218	-	349,218
Other non-current financial assets	-	3,950,420	3,950,420
<b>Current</b>			
Bank deposits (note 14)	637,182	-	637,182
Trade and other receivables (note 11)	37,866,695	-	37,866,695
Cash and cash equivalents (note 13)	46,530,039	-	46,530,039
<b>Total</b>	<b>108,903,805</b>	<b>3,950,420</b>	<b>112,854,225</b>

	<b>Liabilities measured at amortised cost</b>	<b>Total</b>
<b>Financial liabilities</b>		
<b>Non-current</b>		
Borrowings (note 17)	569,942,552	569,942,552
<b>Current</b>		
Borrowings (note 17)	1,428,161	1,428,161
Trade and other payables (note 16)	23,505,278	23,505,278
<b>Total</b>	<b>594,875,991</b>	<b>594,875,991</b>

**31 December 2014**

	<b>Loans and receivables</b>	<b>Financial assets at FVTPL</b>	<b>Total</b>
<b>Financial assets</b>			
<b>Non-current</b>			
Other non-current financial assets	-	2,769,369	2,769,369
Bank deposits (note 14)	22,104,711	-	22,104,711
Trade and other receivables (note 11)	1,218,906	-	1,218,906
<b>Current</b>			
Bank deposits (note 14)	4,699,326	-	4,699,326
Trade and other receivables (note 11)	37,128,726	-	37,128,726
Cash and cash equivalents (note 13)	65,568,340	-	65,568,340
<b>Total</b>	<b>130,720,009</b>	<b>2,769,369</b>	<b>133,489,378</b>

**Greenko Dutch B.V. (Restricted Group)**  
*(All amounts in US Dollar unless otherwise stated)*

	<b>Liabilities measured at amortised cost</b>	<b>Total</b>
<b>Financial liabilities</b>		
<b>Non-current</b>		
Borrowings (note 17)	529,224,971	529,224,971
<b>Current</b>		
Borrowings (note 17)	8,751,357	8,751,357
Trade and other payables (note 16)	47,204,566	47,204,566
<b>Total</b>	<b>585,180,894</b>	<b>585,180,894</b>

The fair values of the financial liabilities 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 as of 31 March 2016:

**31 March 2016**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Other non-current financial assets	-	3,950,420	-	3,950,420

**31 December 2014**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Other non-current financial assets	-	2,769,369	-	2,769,369

**Measurement of fair value of financial instruments**

The Restricted 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:

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

### Other non-current financial assets (Level 2)

Other non-current financial assets as at 31 March 2016 consist of Knock-out call options taken for payment of interest on Senior Notes and call option on Senior Notes. The estimated fair value of options hedging arrangements for payment of interest of Senior Notes and call option are categorised within Level 2 of the fair value hierarchy. The fair value estimate has been determined considering inputs that include other than quoted prices of similar assets/industry that are indirect observable like interest rates, yield curves, implied volatilities and credit spreads.

### 11. Trade and other receivables

	<b>31 March 2016</b>	<b>31 December 2014</b>
Trade receivables	28,777,027	29,106,388
Other receivables	9,075,712	9,032,629
Sundry deposits	363,174	208,615
<b>Total trade and other receivables</b>	<b>38,215,913</b>	<b>38,347,632</b>
Less: Non-current portion	(349,218)	(1,218,906)
Current portion	<b>37,866,695</b>	<b>37,128,726</b>

Other receivables include advances against advances for expenses, and other advances recoverable.

Trade receivables include unbilled revenue of US\$7,701,358 (31 December 2014: US\$6,056,146) and not past due US\$9,802,847 (31 December 2014: US\$4,525,683).

With the exception of the non-current portion of trade and other receivables all amounts are short-term and their carrying values are considered a reasonable approximation of fair values. Trade receivables that are due for more than one month are considered past due. As at 31 March 2016, trade receivables of US\$11,272,822 (31 December 2014: US\$18,524,558) 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:

	<b>31 March 2016</b>	<b>31 December 2014</b>
1 to 6 months	6,480,983	12,708,212
6 to 9 months	778,190	796,114
9 to 12 months	24,165	1,516,417
Beyond 12 months	3,989,484	3,503,815
	<b>11,272,822</b>	<b>18,524,558</b>

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

### 12. Inventories

	<b>31 March 2016</b>	<b>31 December 2014</b>
Stores and consumables	1,516,761	2,232,874
Emission reductions	-	1,995,578
Renewable energy certificates	1,344,486	1,114,563
	<b>2,861,247</b>	<b>5,343,015</b>

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

### 13. Cash and cash equivalents

	<b>31 March 2016</b>	<b>31 December 2014</b>
Cash on hand	317,985	177,281
Cash at bank	46,212,054	65,391,059
	<b>46,530,039</b>	<b>65,568,340</b>

Cash at bank includes US\$7,072,742 (31 December 2014: US\$21,693,897) in currencies other than INR (i.e., in US\$ and EURO).

### 14. Bank deposits

The Restricted Group holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months amounting to US\$ 637,182 (31 December 2014: US\$ 4,699,326) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from reporting date amounting to US\$ 23,520,671 (31 December 2014: US\$ 22,104,711) are disclosed under non-current assets. Bank deposits aggregating to US\$24,157,853 (31 December 2014: US\$26,804,037) are restricted.

Bank deposits includes US\$22,001,600 (31 December 2014: US\$21,999,836) in currencies other than INR (i.e., in US\$).

### 15. Other reserves - Government grants

Government of India ("GoI") has been providing cash grants to grid-interactive power generation projects based on renewable energy sources. The quantum of cash grant is linked to the power generation capacity of the project. In respect of projects which are financed by a financial institution, the request for the cash grant has to be placed by the financial institution. The financial institution directly receives the cash grant from GoI towards reduction of loan.

### 16. Trade and other payables

	<b>31 March 2016</b>	<b>31 December 2014</b>
Trade payables	1,865,818	1,310,269
Capital creditors	5,917,455	13,284,685
Interest accrued but not due on borrowings	7,333,333	18,392,986
Other payables	8,388,672	14,216,626
<b>Total</b>	<b>23,505,278</b>	<b>47,204,566</b>

Other payables include accruals for expenses, statutory liabilities, consideration payable towards acquisitions made by restricted entities 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.



**Greenko Dutch B.V. (Restricted Group)**  
(All amounts in US Dollar unless otherwise stated)

**17. Borrowings**

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

	<b>31 March 2016</b>	<b>31 December 2014</b>
<b>Non-current – Financial liabilities measured at amortized cost</b>		
Bank Borrowings	1,507,613	-
Term loans from financial institutions	452,284	873,709
Senior Notes	567,982,655	528,320,396
Equipment and vehicle loans	-	30,866
	<b>569,942,552</b>	<b>529,224,971</b>
<b>Current – Financial liabilities measured at amortized cost</b>		
Term loans from financial institutions and others	1,406,603	8,690,280
Equipment and vehicle loans	21,558	61,077
	<b>1,428,161</b>	<b>8,751,357</b>
<b>Total borrowings</b>	<b>571,370,713</b>	<b>537,976,328</b>

**17.1** In August 2014, the Company raised funds to the tune of US\$550,000,000 by issuing 8% US\$ Senior Notes (the Senior Notes) to 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, the Company invested issue proceeds, net of issue expenses and interest reserve, in non-convertible debentures of Indian entities to enable repayment of existing Rupee debt. For this purpose, the Company 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 31 July 2019. The Senior Notes are secured by corporate guarantee of the Parent and pledge of shares of the Company owned by Greenko Mauritius. Further, the assets of Indian entities have been pledged to secure non-convertible debentures through an Indian trustee. The carrying value of Senior Notes as on 31 March 2016 is USD 567,982,655.

The Company has entered into option hedging arrangements in relation to principal repayment and for interest payable up to No Call Period of the Senior Notes. (Refer note 30)

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

	<b>31 March 2016</b>		<b>31 December 2014</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Bank Borrowings	1,507,613	1,507,613	-	-
Term loans from financial institutions and others	1,858,887	1,858,887	9,563,989	9,563,989
Senior Notes	567,982,655	567,982,655	528,320,396	528,320,396
Vehicle loans	21,558	21,558	91,943	91,943

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

	<b>31 March 2016</b>	<b>31 December 2014</b>
Indian rupee ("INR")	3,388,059	9,255,932
US Dollar ("US \$")	567,982,655	528,720,396
	<b>571,370,714</b>	<b>537,976,328</b>

**Greenko Dutch B.V. (Restricted Group)**  
(All amounts in US Dollar unless otherwise stated)

**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:

	<u>31 March 2016</u>	<u>31 December 2014</u>
Deferred income tax liabilities		
— to be recovered beyond 12 months from reporting date	53,588,262	11,298,399
— to be recovered within 12 months	-	-
	<u><b>53,588,262</b></u>	<u><b>11,298,399</b></u>

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

	<u>Tangible assets</u>	<u>Intangible assets</u>	<u>Others</u>	<u>Total</u>
At 1 April 2014	5,282,135	1,420,142	(70,616)	6,631,661
Recognised in profit or loss	6,061,621	(126,237)	(58,050)	5,877,334
Acquisition on business combination	(1,531,773)	880,484	-	(651,289)
Exchange difference	(452,322)	(113,108)	6,123	(559,307)
<b>At 31 December 2014</b>	<b>9,359,661</b>	<b>2,061,281</b>	<b>(122,543)</b>	<b>11,298,399</b>
Adjustments {Refer note 3.1 (c)}	65,258,147	11,064,096	(28,619,869)	47,702,374
Recognised in profit or loss	7,447,683	(204,277)	(3,480,000)	3,763,406
Exchange difference	(15,333,244)	269,216	5,888,111	(9,175,917)
<b>At 31 March 2016</b>	<b>66,732,247</b>	<b>13,190,316</b>	<b>(26,334,301)</b>	<b>53,588,262</b>

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 Dutch is subject to Netherland corporate tax at the standard rate of 25 per cent, whereas the Indian entities are subject to corporate tax rate of 34.608%.

**19. Revenue**

	<u>31 March 2016</u>	<u>31 December 2014</u>
Sale of power	117,310,696	86,942,968
Sale of renewable energy certificates	1,598,040	263,153
Generation based incentive	4,423,977	3,153,812
	<u><b>123,332,713</b></u>	<u><b>90,359,933</b></u>

20. Other operating income includes profit on sale of investments in subsidiaries of Nil (31 December 2014: US\$5,030,868).

**21. Retirement benefit obligations**

The Restricted Group has an obligation towards defined benefit plans towards gratuity and defined contribution plans of US\$224,549 (31 December 2014: US\$155,460) and US\$146,082 (31 December 2014: US\$126,580) respectively as of 31 March 2016.

The Restricted 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 Restricted Group expects to contribute US\$85,902 towards the gratuity plan in the year ending 31 March 2017.

**Greenko Dutch B.V. (Restricted Group)***(All amounts in US Dollar unless otherwise stated)***22. Employee benefit expense**

	<b>31 March 2016</b>	<b>31 December 2014</b>
Salaries and wages	5,413,352	2,556,609
Employee welfare expenses	360,830	141,595
Retirement benefits—defined contribution plans	252,121	107,174
Retirement benefits—defined benefit plans		
-Gratuity (note 21)	84,070	63,105
-Compensated absences (note 21)	65,973	51,192
	<b>6,176,346</b>	<b>2,919,675</b>

**23. Finance income and costs**

	<b>31 March 2016</b>	<b>31 December 2014</b>
<b>Finance income</b>		
Interest on bank deposits and others	1,606,911	1,250,079
Dividend from units of mutual funds	-	36,799
	<b>1,606,911</b>	<b>1,286,878</b>
<b>Finance cost</b>		
Interest on borrowings	67,111,201	34,700,576
Bank charges	24,884	45,483
	<b>67,136,085</b>	<b>34,746,059</b>

**24. Exceptional items**

	<b>31 March 2016</b>	<b>31 December 2014</b>
Loan restructuring expenses	-	(11,072,202)
Gain on change in the value of contingent consideration	-	17,249,961
	-	6,177,759

**Loan restructuring costs**

During the previous period, the Restricted Group has raised US\$ denominated Senior Notes and invested the same as Non-convertible debentures. Loan restructuring costs represents the cost of prepayment and unamortized transaction costs of existing Rupees Loans.

**Gain on change in value of contingent consideration**

The consideration payable to the seller of Greenko Budhil Hydro Power Private Limited (Greenko Budhil) included additional consideration contingent upon the vendor securing lucrative customer contract on a long term basis. As at 31 December 2014, the fair value of this additional consideration is considered Nil as the sellers have not fulfilled obligation of securing the said customer contract within the agreed period and has been recognized in profit or loss (Refer note 27).

**25. Income tax expense**

	<b>31 March 2016</b>	<b>31 December 2014</b>
Current tax	5,299,928	2,756,860
Deferred tax (note 18)	3,763,406	5,877,334
	<b>9,063,334</b>	<b>8,634,194</b>

**Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

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:

	<b>31 March 2016</b>	<b>31 December 2014</b>
Profit/(Loss) before income tax	(1,899,007)	43,713,099
Tax rate applicable for restricted entities in India	34.608%	32.45%
Expected tax expense	(657,208)	14,184,901
Adjustment for tax differences on account of tax holiday period	9,720,542	(5,550,707)
<b>Tax charge</b>	<b>9,063,334</b>	<b>8,634,194</b>

The tax rates used in computing the weighted average tax rate is the substantively enacted tax rate. In respect of the Restricted Group this was 34.608% (31 December 2014: 32.45%)

The Restricted Group engaged in power generation currently benefit from a tax holiday from the standard Indian corporate taxation for the period ended 31 March 2016. 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 21.34% (31 December 2014: 20.01%).

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **26. Commitments and contingencies**

- a) Few of the Restricted Group's power generating units in India have various income tax disputes with the tax authorities. The Restricted Group has appealed against the orders of the income tax officer/authority at appropriate levels. The Restricted 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\$806,399.
- b) In December 2010, Sai Spurthi Power Private Limited (SSPPL), an entity acquired by the Greenko Group in March 2010, received a letter from a bank informing SSPPL that three corporate guarantees aggregating to US\$7,120,648 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\$667,740 was provided to the bank. The management is confident that the contingent liability of SSPPL under the corporate guarantees issued will not exceed US\$667,740. 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 Greenko 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\$1,141,434 for the credit facilities availed by Bhadrakiri 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 Greenko Group to settle this.

- c) Prior to acquisition by the Restricted Group, Greenko Budhil had received demand notices aggregating to US\$6,712,277 from various government authorities in relation to duty drawback, construction cess and entry tax. 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 Restricted Group to settle these disputes.
- d) Greenko Budhil 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 Restricted Group to settle this.
- e) Him Kailash Hydro Power Private Limited (HKHPPL) has given corporate guarantee in respect of a term loan of US\$2,186,039 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 Restricted Group.
- f) Capital commitments

## Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

Capital expenditure contracted for at 31 March 2016 but not yet incurred aggregated to Nil (31 December 2014: US\$1,706,452).

### 27. Business combinations

During the previous period, Restricted Group acquired 100% of the equity instruments of Lanco Budhil Hydro Power Private Limited (now known as Greenko Budhil Hydro Power Private Limited) (Budhil Project). The acquisition was made to enhance the generating capacity of Restricted Group from clean energy assets. Budhil Project has an operating hydro power plant with installed capacity of 70MW in the state of Himachal Pradesh in north India. Details of this acquisition are set out below:

Details of consideration transferred and net assets acquired are as follows:

	<u>Amount</u>
<b>Purchase consideration</b>	
Cash	18,058,657
Consideration payable	2,296,514
Contingent consideration arrangement	18,210,298
Total Purchase consideration	<u>38,565,469</u>
Fair value of net asset acquired	<u>40,601,705</u>
Excess of Group's interest in fair value of acquirees' assets and liabilities	<u>(2,036,236)</u>

Pursuant to the terms of share purchase agreement, Restricted Group is required to pay the vendors an additional consideration up to US\$19,996,667 if they are able to secure a long-term power purchase agreement (long-term PPA) at favourable prices. The amount of additional consideration would be based on the selling price under the new long-term PPA. As the vendors had made good progress in discussions with potential customers and Restricted Group had given guarantee to secure payment of additional consideration, the management has considered payment of additional consideration as probable on the acquisition date. US\$18,210,298 represents the present value of Restricted Group's probability weighted estimate of cash outflow at the acquisition date.

The excess of Restricted Group's interest in the fair value of acquiree's assets and liabilities over cost represents value which Restricted Group gained due to strong negotiating skills of Restricted Group.

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

	<u>Amount</u>
Property, plant and equipment	107,634,045
Inventories	111,440
Licence	5,832,361
Trade and other receivables	825,638
Cash and cash equivalents	204,282
Trade and other payables	(14,022,545)
Deferred income tax assets	651,289
	<u>101,236,510</u>
Less: Borrowings	<u>60,634,805</u>
<b>Net assets</b>	<u>40,601,705</u>
<b>Purchase consideration settled in cash</b>	18,058,657
Cash and cash equivalents acquired	(204,282)
Cash outflow on acquisition	<u>17,854,375</u>

### 28. Related-party transactions

**Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

The Restricted Group is controlled by Greenko Mauritius, which is a subsidiary of Greenko Energy Holdings. The Restricted Group entities have certain transactions with Greenko Mauritius and its subsidiaries which are not covered under Restricted Group (Unrestricted Group entities).

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

	<b>31 March 2016</b>	<b>31 December 2014</b>
Investment received in equity capital	-	2,671,874
Purchase of investments	-	3,838,037
Sale of investments in subsidiaries	-	11,459,602
Loan given	-	1,694,515
Loans taken	9,841,039	63,672,012
Project management fee incurred	458,713	275,471

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

	<b>31 March 2016</b>	<b>31 December 2014</b>
Balance payable	(29,772,521)	(38,660,812)
Balance receivable	16,894,077	15,941,329
<b>Net Payable</b>	<b>(12,878,444)</b>	<b>(22,719,483)</b>

- c. The Parent has given corporate guarantee and Greenko Mauritius pledged the shares held in the Company for the Senior Notes aggregating to US\$550,000,000 (Refer note 17.1).

## **Greenko Dutch B.V. (Restricted Group)**

*(All amounts in US Dollar unless otherwise stated)*

### **29. Segment reporting**

The Restricted Group has adopted the “management approach” in identifying the operating segments as outlined in IFRS 8. The Restricted Group operations predominantly relate to generation and sale of electricity. The chief operating decision maker evaluates the Restricted Group 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 are presented.

The Restricted Group 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\$71,673,813 (31 December 2014: US\$51,878,497) of the total revenue.

### **30. Subsequent Events:**

During June 2016, Greenko Mauritius, parent company has hedged US\$525,000,000 Senior Notes from spot, with the optionality to extend the hedge to cover a roll-over of the Senior Notes after the No Call Period. The hedge will ensure the Restricted Group de-risks itself from foreign exchange fluctuations.

Subsequently, Greenko Dutch BV has terminated the knock-out call options taken for US\$275,000,000 of the aforesaid Senior Notes resulted in a gain of US\$1,010,000.