# Greenko Investment Company (Restricted Group II)

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

## Summary of Contents

Financial Statements for the period April 1, 2016 to September 30, 2016

B S R & Associates LLP
Chartered Accountants

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**Independent Practitioner's Review Report**

To the Board of Directors of Greenko Investment Company

We have reviewed the accompanying interim condensed combined financial statements of Restricted Group II which consists of the Greenko Investment Company ("the Company"), a wholly owned subsidiary of Greenko Energy Holdings ("the Parent") and certain entities under common control of the Parent, as listed in note 3 to the interim condensed combined financial statements (collectively known as "the Restricted Group"), and which comprise the interim condensed combined statement of financial positions as at 30 September 2016, and the interim condensed combined statement of profit or loss and other comprehensive income, interim condensed combined statement of changes in equity and interim condensed combined statement of cash flow for the six months period from 1 April 2016 to 30 September 2016, and selected explanatory notes, as set out on pages 3 to 15.

**Management's responsibility for the interim condensed combined financial statements**

Management is responsible for the preparation of these interim condensed combined financial statements in accordance with the basis of preparation set out in note 3. These interim combined condensed financial statements contain an aggregation of financial information relating to Restricted Group and have been prepared from the books and records maintained by Restricted Group entities. 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.

**Practitioner's responsibility**

Our responsibility is to express a conclusion on the accompanying interim condensed combined financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), "Engagements to Review Historical Financial Statements". ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed combined financial statements.



B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

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Mumbai - 400 011

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that these accompanying interim condensed combined financial statements, do not present fairly, in all material respects, the financial position of the Restricted Group as at 30 September 2016, and its financial performance and cash flows for the six months period from 1 April 2016 to 30 September 2016, in accordance with basis of accounting described in note 3.

**Emphasis of Matter**

We draw attention to Note 3 to the interim condensed combined financial statements, which describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group's interim condensed combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group that would have been achieved if it had operated as a separate 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 interim condensed combined financial statements were prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes as described in note 3 to the interim condensed combined financial statements. As a result, the interim condensed combined financial statements may not be suitable for another purpose.

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

**Sriram Mahalingam**
*Partner*
Membership number: 049642

Place: Hyderabad
Date: 22 December 2016

**Greenko Investment Company (Restricted Group II)**

(All amounts in US Dollars unless otherwise stated)

**Interim Condensed Combined statement of financial position**

| | 30 September 2016 (Unaudited) | 31 March 2016 (Audited) | 30 September 2015 (Unaudited) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets and goodwill | 131,070,645 | 133,742,283 | 23,526,929 |
| Property, plant and equipment | 524,694,210 | 533,120,618 | 471,721,438 |
| Bank deposits | 161,018 | 3,910,359 | 5,421,769 |
| Trade and other receivables | 171,071 | 147,674 | 327,571 |
| Other financial assets | 88,266,977 | - | - |
| | **744,363,921** | **670,920,934** | **500,997,707** |
| **Current assets** | | | |
| Inventories | 484,594 | 340,306 | 302,274 |
| Trade and other receivables | 42,988,911 | 10,616,928 | 11,390,288 |
| Available-for-sale financial assets | 805,581 | 809,588 | - |
| Bank deposits | 7,163,605 | 934,721 | 510,898 |
| Current tax assets | 489,901 | 484,081 | 127,006 |
| Cash and cash equivalents | 82,123,739 | 3,307,947 | 3,727,152 |
| | **134,056,331** | **16,493,571** | **16,057,618** |
| **Total assets** | **878,420,252** | **687,414,505** | **517,055,325** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Invested equity | 50,562,358 | 50,353,969 | 50,315,082 |
| Currency translation deficit | (10,755,125) | (12,255,990) | (6,675,435) |
| Other reserves | 156,936,578 | 156,936,578 | 27,857,100 |
| Retained deficit | (4,375,469) | (5,920,089) | (3,234,541) |
| **Total equity attributable equity holders of the restricted group II** | **192,368,342** | **189,114,468** | **68,262,206** |
| Non-controlling interests | (850,946) | - | - |
| **Total equity** | **191,517,396** | **189,114,468** | **68,262,206** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Retirement benefit obligations | 166,580 | 171,687 | 205,630 |
| Borrowings | 486,481,884 | 333,042,110 | 312,779,139 |
| Other financial liabilities | 68,999,845 | - | - |
| Deferred tax liabilities | 18,714,389 | 17,716,924 | 7,897,140 |
| | **574,362,698** | **350,930,721** | **320,881,909** |
| **Current liabilities** | | | |
| Trade and other payables | 32,071,833 | 21,612,466 | 22,824,357 |
| Current tax liabilities | 73,838 | 4,599 | 98,391 |
| Borrowings | 4,500,450 | 9,366,631 | 8,291,370 |
| Borrowings from unrestricted group | 75,894,037 | 116,385,620 | 96,697,092 |
| | **112,540,158** | **147,369,316** | **127,911,210** |
| **Total liabilities** | **686,902,856** | **498,300,037** | **448,793,119** |
| **Total equity and liabilities** | **878,420,252** | **687,414,505** | **517,055,325** |

The explanatory notes are an integral part of these Interim Condensed combined financial statements

## Greenko Investment Company (Restricted Group II)

(All amounts in US Dollars unless otherwise stated)

**Interim Condensed Combined statement of profit or loss**

| | Six months ended 30 September 2016 (Unaudited) | Six months ended 30 September 2015 (Unaudited) | 15 months ended 31 March 2016 (Audited) |
|---|---|---|---|
| Revenue | 32,924,746 | 9,372,783 | 18,096,371 |
| Power generation expenses | (415,300) | (137,786) | (321,502) |
| Employee benefits expense | (557,453) | (164,074) | (501,543) |
| Other operating expenses | (640,419) | (163,864) | (1,013,988) |
| **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** | **31,311,574** | **8,907,059** | **16,259,338** |
| Depreciation and amortization | (8,434,426) | (1,600,211) | (7,072,978) |
| **Operating profit** | **22,877,148** | **7,306,848** | **9,186,360** |
| Finance income | 92,763 | 18,944 | 115,943 |
| Finance cost | (20,901,164) | (3,480,712) | (12,908,394) |
| **Profit/(Loss) before tax** | **2,068,747** | **3,845,080** | **(3,606,091)** |
| Income tax expense | (1,413,908) | (1,052,064) | (2,054,531) |
| **Profit/(Loss) for the period** | **654,839** | **2,793,016** | **(5,660,622)** |
| **Attributable to:** | | | |
| Equity holders of the Restricted Group II | 1,544,620 | 2,793,016 | (5,660,622) |
| Non-controlling interests | (889,781) | - | - |
| | **654,839** | **2,793,016** | **(5,660,622)** |

## Greenko Investment Company (Restricted Group II)
(All amounts in US Dollars unless otherwise stated)

### Interim Condensed Combined statement of comprehensive income

| | Six months ended 30 September 2016 (Unaudited) | Six months ended 30 September 2015 (Unaudited) | 15 months ended 31 March 2016 (Audited) |
|---|---|---|---|
| Profit/(loss) for the period | 654,839 | 2,793,016 | (5,660,622) |
| **Other comprehensive income** | | | |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translating foreign operations | 1,500,865 | (3,959,789) | (3,204,035) |
| **Total other comprehensive income/(loss)** | **1,500,865** | **(3,959,789)** | **(3,204,035)** |
| **Total comprehensive income /(loss)** | **2,155,704** | **(1,166,773)** | **(8,864,657)** |
| **Total comprehensive income /(loss) attributable to:** | | | |
| Equity holders of the Restricted Group II | 3,045,485 | (1,166,773) | (8,864,657) |
| Non-controlling interest | (889,781) | - | - |
| | **2,155,704** | **(1,166,773)** | **(8,864,657)** |

**Greenko Investment Company (Restricted Group II)**
(All amounts in US Dollars unless otherwise stated)
**Interim Condensed 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 II | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 1 January 2015** | 42,222,054 | (9,051,955) | 18,492,644 | (259,467) | **51,403,276** | **-** | **51,403,276** |
| Transactions with the Unrestricted Group | 8,131,915 | - | 9,406,007 | - | **17,537,922** | **-** | **17,537,922** |
| Adjustments | - | - | 129,037,927 | - | **129,037,927** | **-** | **129,037,927** |
| Loss for the period | - | - | - | (5,660,622) | **(5,660,622)** | **-** | **(5,660,622)** |
| **Other comprehensive income** | | | | | | | |
| Exchange differences on translating foreign operations | - | (3,204,035) | - | - | **(3,204,035)** | **-** | **(3,204,035)** |
| **At 31 March 2016** | **50,353,969** | **(12,255,990)** | **156,936,578** | **(5,920,089)** | **189,114,468** | **-** | **189,114,468** |
| Issue of equity shares | 208,389 | - | - | - | **208,389** | - | **208,389** |
| Issue of shares to Non-controlling interests in subsidiaries | - | - | - | - | - | 38,835 | **38,835** |
| Transactions with the owners | **208,389** | **-** | **-** | **-** | **208,389** | **38,835** | **247,224** |
| Profit for the period | - | - | - | 1,544,620 | **1,544,620** | (889,781) | **654,839** |
| **Other comprehensive income** | | | | | | | |
| Exchange differences on translating foreign operations | - | 1,500,865 | - | - | **1,500,865** | - | **1,500,865** |
| **At 30 September 2016** | **50,562,358** | **(10,755,125)** | **156,936,578** | **(4,375,469)** | **192,368,342** | **(850,946)** | **191,517,396** |

**Greenko Investment Company (Restricted Group II)**
(All amounts in US Dollars unless otherwise stated)

**Interim Condensed 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 II | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 1 April 2015** | 42,229,674 | (2,715,646) | 18,493,353 | (6,027,557) | **51,979,824** | - | **51,979,824** |
| Transactions with the Unrestricted Group | 8,085,408 | - | 9,363,747 | - | **17,449,155** | - | **17,449,155** |
| | **8,085,408** | **-** | **9,363,747** | **-** | **17,449,155** | **-** | **17,449,155** |
| Profit for the period | - | - | - | 2,793,016 | **2,793,016** | - | **2,793,016** |
| **Other comprehensive income** | | | | | | | |
| Exchange differences on translating foreign operations | - | (3,959,789) | - | - | **(3,959,789)** | - | **(3,959,789)** |
| **At 30 September 2015** | **50,315,082** | **(6,675,435)** | **27,857,100** | **(3,234,541)** | **68,262,206** | **-** | **68,262,206** |

**Greenko Investment Company (Restricted Group II)**
(All amounts in US Dollars unless otherwise stated)
**Interim Condensed Combined statement of cash flow**

| | | Six months ended 30 September 2016 (Unaudited) | Six months ended 30 September 2015 (Unaudited) | 15 months ended 31 March 2016 (Audited) |
|---|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | | |
| | Profit/(loss) before income tax | 2,068,747 | 3,845,080 | (3,606,091) |
| | *Adjustments for* | | | |
| | Depreciation and amortization | 8,434,426 | 1,600,211 | 7,072,978 |
| | Finance income | (92,763) | (18,944) | (115,943) |
| | Finance cost | 20,901,164 | 3,480,712 | 12,908,394 |
| | *Changes in working capital* | | | |
| | Inventories | (145,340) | 40,718 | 730 |
| | Trade and other receivables | (32,306,978) | (7,781,758) | (8,315,596) |
| | Trade and other payables | (8,128,475) | (133,062) | 3,515,157 |
| | *Cash generated from operations* | **(9,269,219)** | **1,032,957** | **11,459,629** |
| | Taxes paid | (172,337) | (165,341) | (712,653) |
| | **Net cash from/(used in) operating activities** | **(9,441,556)** | **867,616** | **10,746,976** |
| **B.** | **Cash flows from investing activities** | | | |
| | Purchase of property, plant and equipment and capital expenditure | 1,906,667 | (177,724,023) | (278,166,449) |
| | Investment in Mutual Funds | - | - | (828,448) |
| | Bank deposits | (2,492,312) | 1,445,061 | 489,373 |
| | Interest received | 84,155 | 18,713 | 115,943 |
| | **Net cash used in investing activities** | **(501,490)** | **(176,260,249)** | **(278,389,581)** |
| **C.** | **Cash flows from financing activities** | | | |
| | Increase in the invested equity | 208,389 | 115,178 | 152,731 |
| | Proceeds from Non-controlling interests | 38,835 | - | - |
| | Proceeds from borrowings with Unrestricted Group,net | (39,777,282) | 24,057,267 | 66,716,308 |
| | Proceeds from borrowing (net of issue expenses) | 493,524,679 | 166,550,214 | 229,341,351 |
| | Repayment of borrowings | (340,732,675) | (10,889,406) | (11,393,657) |
| | Interest paid | (25,055,546) | (15,712,423) | (19,072,099) |
| | **Net cash from financing activities** | **88,206,400** | **164,120,830** | **265,744,634** |
| | **Net increase/(decrease) in cash and cash equivalents** | **78,263,354** | **(11,271,803)** | **(1,897,971)** |
| | Cash and cash equivalents at the beginning of the period | 3,307,947 | 14,699,791 | 4,578,364 |
| | Cash and cash equivalents at the time of acquisition of Swasti Power Private Limited | - | 809,856 | 809,856 |
| | Exchange gain/(loss) on cash and cash equivalents | 552,438 | (510,692) | (182,302) |
| | **Cash and cash equivalents at the end of the period** | **82,123,739** | **3,727,152** | **3,307,947** |

## 1. General information

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

The Company has issued Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment invested issue proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") of certain operating Indian subsidiaries of the Greenko Mauritius to replace their existing Rupee debt. These Indian subsidiaries in which Greenko Investment has invested the issue proceeds are individually called as a 'restricted entity' and collectively as 'the restricted entities'. These restricted entities are under common control of Greenko Energy Holdings and primarily comprise the hydro and wind portfolio. Further, Non-convertible debentures issued to Greenko Investment Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Greenko Investment and restricted entities (as listed in note 3) have been considered as a group for the purpose of financial reporting and is referred hereinafter as "Greenko Investment Company (Restricted Group II)" or "the Restricted Group II".

On 20 November 2015, Greenko Energy Holdings 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 Interim Condensed Combined Financial Statements

The interim condensed combined financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. The interim condensed combined financial statements presented herein reflect the Restricted Group II's results of operations, assets and liabilities and cash flows for the period presented.

The Restricted Group II has changed the financial year from "January to December" to "April to March" during the previous year to be in conformity with its parent's financial year. As a result, the interim condensed combined financial statements are prepared for the six months period from 1 April 2016 to 30 September 2016 with the comparative numbers a period of fifteen months from 1 January 2015 to 31 March 2016. Due to the different period lengths of each of financial period, the operations for the period ended 31 March 2016 are not directly comparable with operations for the current period. The Restricted Group II has also presented the numbers for the six months period from 1 April 2015 to 30 September 2015 for comparative purpose with current period.

The interim condensed combined financial statements are for the six months ended 30 September 2016 and are presented in US Dollars. The interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" on a commonly used carve-out principles to present fairly the combined financial position and performance of the Restricted Group II. The basis of preparation and carve-out principles used in preparation of these combined financial statements are set out in Note 3 below.

(All amounts in US Dollars unless otherwise stated)

### 3. Basis of preparation of the interim condensed combined financial statements

The indenture governing the Senior Notes requires Greenko Investment to prepare interim condensed combined financial statements of the Restricted Group II entities and Greenko Investment for the purpose of submission to the bond holders. These interim condensed combined financial statements as at and for the period ended 30 September 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 II entities and Greenko Investment.

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

| | 30 September 2016 | 31 March 2016 | 30 September 2015 |
|---|---|---|---|
| Anantapura Wind Energies Private Limited | 100% | 100% | 100% |
| Greenko Bagewadi Wind Energies Private Limited | 74% | 100% | 100% |
| Perla Hydro Power Private Limited | 100% | 100% | 100% |
| Rayalaseema Wind Energy Company Private Limited | 100% | 100% | 100% |
| Sneha Kinetic Power Projects Private Limited | 100% | 100% | 100% |
| Swasti Power Private Limited# | 100% | 100% | 100% |
| Tanot Wind Power Ventures Private Limited | 100% | 100% | 100% |
| Vyshali Energy Private Limited | 74% | 100% | 100% |

#Acquired by Greenko Group on 1 April 2015

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

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

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

The interim condensed 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 II have been eliminated in full. Transactions between the Restricted Group II and other entities of Greenko Group (hereinafter referred to as "the Unrestricted Group") that are eliminated in the interim condensed consolidated financial statements of Greenko have been reinstated in these interim condensed combined financial statements.

As these interim condensed 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 II held by the Parent duly adjusted for any differential consideration paid or received by a restricted entity under internal group restructuring.

## 4. Significant accounting policies

The interim condensed combined financial statements have been prepared in accordance with the accounting policies adopted in the Restricted Group II's last audited annual financial statements for the period ended 31 March 2016. The presentation of the interim condensed combined financial statements is consistent with the audited Combined Financial Statements.

## 5. Estimates

The preparation of the interim condensed combined financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgments at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

(All amounts in US Dollars unless otherwise stated)

## 6. Intangible assets

| | Licences | Electricity PPAs | Goodwill | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2015 | 19,569,071 | 1,421,128 | - | 20,990,199 |
| Additions | 1,809,846 | - | 2,041,421 | 3,851,267 |
| Adjustments | 5,753,091 | 15,901,540 | 90,139,153 | 111,793,784 |
| Exchange differences | (1,019,675) | (121,810) | (454,485) | (1,595,970) |
| At 31 March 2016 | **26,112,333** | **17,200,858** | **91,726,089** | **135,039,280** |
| Exchange differences | (129,269) | (85,155) | (454,090) | (668,514) |
| At 30 September 2016 | **25,983,064** | **17,115,703** | **91,271,999** | **134,370,766** |
| | | | | |
| At 1 April 2015 | 19,800,436 | 1,437,929 | - | 21,238,365 |
| Acquisition through business combination | 1,809,846 | - | 2,041,423 | 3,851,269 |
| Exchange differences | (1,184,031) | (78,002) | (124,003) | (1,386,036) |
| At 30 September 2015 | **20,426,251** | **1,359,927** | **1,917,420** | **23,703,598** |
| | | | | |
| **Accumulated amortization** | | | | |
| At 1 January 2015 | - | - | - | - |
| Charge for the period | 195,038 | 1,132,170 | - | 1,327,208 |
| Exchange differences | (4,440) | (25,771) | - | (30,211) |
| At 31 March 2016 | **190,598** | **1,106,399** | **-** | **1,296,997** |
| Charge for the period | 292,018 | 1,708,825 | - | 2,000,843 |
| Exchange differences | 326 | 1,955 | - | 2,281 |
| At 30 September 2016 | **482,942** | **2,817,179** | **-** | **3,300,121** |
| | | | | |
| At 1 April 2015 | - | - | - | - |
| Charge for the period | 182,033 | - | - | 182,033 |
| Exchange differences | (5,364) | - | - | (5,364) |
| At 30 September 2015 | **176,669** | **-** | **-** | **176,669** |
| | | | | |
| **Net book value** | | | | |
| **At 30 September 2016** | **25,500,122** | **14,298,524** | **91,271,999** | **131,070,645** |
| At 31 March 2016 | 25,921,735 | 16,094,459 | 91,726,089 | 133,742,283 |
| At 30 September 2015 | 20,249,582 | 1,359,927 | 1,917,420 | 23,526,929 |

**Greenko Investment Company (Restricted Group II)**
(All amounts in US Dollars unless otherwise stated)

**Notes to the interim condensed combined financial statements**

## 7. Property, plant and equipment

| | Land | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2015 | - | 8,459 | 326,686 | 212,906 | 109,744 | 220,819,444 | 221,477,239 |
| Adjustments | - | - | - | - | - | 21,719,996 | 21,719,996 |
| Additions | 3,561,097 | 10,575,374 | 319,205,242 | 146,460 | 66,252 | 288,564,220 | 622,118,645 |
| Disposals/ Capitalisation | - | - | (7,552) | - | (9,592) | (311,555,595) | (311,572,739) |
| Exchange differences | (81,068) | (241,130) | (7,281,299) | (12,964) | (6,252) | (9,542,502) | (17,165,215) |
| **As on 31 March, 2016** | **3,480,029** | **10,342,703** | **312,243,077** | **346,402** | **160,152** | **210,005,563** | **536,577,926** |
| Additions | - | 2,026 | 462 | 38,369 | - | 1,094,778 | 1,135,635 |
| Exchange differences | (17,228) | (51,192) | (1,597,981) | (1,548) | (793) | (1,448,845) | (3,117,587) |
| **At 30 September 2016** | **3,462,801** | **10,293,537** | **310,645,558** | **383,223** | **159,359** | **209,651,496** | **534,595,974** |
| | | | | | | | |
| At 1 April 2015 | - | 7,663 | 342,189 | 273,657 | 225,908 | 265,487,651 | 266,337,068 |
| Additions | 218,559 | 4,311,442 | 90,758,361 | 207,452 | 6,078 | 201,876,456 | 297,378,348 |
| Acquisition through business combination | 204,509 | 3,098,456 | 23,524,292 | 34,307 | 33,639 | - | 26,895,203 |
| Disposals/Capitalisation | - | - | - | - | - | (95,269,080) | (95,269,080) |
| Exchange differences | (18,862) | (315,664) | (4,121,712) | (23,041) | (14,477) | (17,542,838) | (22,036,594) |
| **At 30 September 2015** | **404,206** | **7,101,897** | **110,503,130** | **492,375** | **251,148** | **354,552,189** | **473,304,945** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2015 | - | 191 | 83,733 | 61,927 | 46,618 | - | 192,469 |
| Depreciation | - | 262,456 | 5,347,288 | 80,158 | 55,868 | - | 5,745,770 |
| Adjustments | - | (138,810) | (2,011,095) | (110,239) | (81,997) | - | (2,342,141) |
| Disposals | - | - | (2,099) | - | (5,838) | - | (7,937) |
| Exchange Difference | - | (5,481) | (118,194) | (4,227) | (2,951) | - | (130,853) |
| **As on 31 March, 2016** | **-** | **118,356** | **3,299,633** | **27,619** | **11,700** | **-** | **3,457,308** |
| Charge for the period | - | 175,309 | 6,191,886 | 42,481 | 23,907 | - | 6,433,583 |
| Exchange differences | - | 177 | 10,602 | 48 | 46 | - | 10,873 |
| **At 30 September 2016** | **-** | **293,842** | **9,502,121** | **70,148** | **35,653** | **-** | **9,901,764** |

(All amounts in US Dollars unless otherwise stated)

| | Land | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| At 1 April 2015 | - | 205 | 91,670 | 73,054 | 54,067 | - | 218,996 |
| Charge for the period | - | 106,379 | 1,247,457 | 39,509 | 24,833 | - | 1,418,178 |
| Exchange differences | - | (3,146) | (41,729) | (5,127) | (3,665) | - | (53,667) |
| At 30 September 2015 | **-** | **103,438** | **1,297,398** | **107,436** | **75,235** | **-** | **1,583,507** |
| **Net book value** | | | | | | | |
| **At 30 September 2016** | **3,462,801** | **9,999,695** | **301,143,437** | **313,075** | **123,706** | **209,651,496** | **524,694,210** |
| At 31 March 2016 | 3,480,029 | 10,224,347 | 308,943,444 | 318,783 | 148,452 | 210,005,563 | 533,120,618 |
| At 30 September 2015 | 404,206 | 6,998,459 | 109,205,732 | 384,939 | 175,913 | 354,552,189 | 471,721,438 |

**8.** In August 2016, Greenko Investment Company, raised funds to the tune of US$500 million by issuing 4.875% US$ 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, Greenko Investment Company invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Investment Company is duly registered as a Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 16 August 2023. The Senior Notes are secured by corporate guarantee of the parent and pledge of shares of Greenko Investment Company owned by Greenko Mauritius. Non-convertible debentures issued to Greenko Investment Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee.

**9.** During the period ended 30 September 2016, Greenko Investment entered into certain derivative contracts to mitigate the foreign currency risk associated with the USD borrowings of Restricted Group II. The derivative asset and liability associated with these option contracts are recognized in these financial statements at fair value at inception. Subsequent changes to the fair value from the date of inception till 30 September, 2016, have been charged to statement of profit or loss during the current period. The fair value of said derivative asset and liability, as on 30 September 2016, have been disclosed under non-current asset/liability.

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## INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### To the Directors of Greenko Energy Holdings

We have reviewed the accompanying interim condensed consolidated financial statements of Greenko Energy Holdings, which comprise the interim condensed consolidated statement of financial position at 30 September 2016, and the interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow for the six months period from 1 April 2016 to 30 September 2016, and selected explanatory notes, as set out on pages 2 to 15. The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 September 2016 is not prepared, in all material respects, in accordance with IAS 34 " Interim Financial Reporting".

KPMG

**KPMG**
Ebène, Mauritius

22 DEC 2016

(All amounts in US Dollars unless otherwise stated)

**Interim Condensed Consolidated statement of financial position**

| | Successor | Successor | Predecessor |
|---|---|---|---|
| | 30 September 2016 (Unaudited) | 31 March 2016 (Audited) | 30 September 2015 (Unaudited) |
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets and goodwill | 393,645,513 | 398,642,521 | 138,378,444 |
| Property, plant and equipment | 1,516,437,506 | 1,429,808,400 | 1,236,335,944 |
| Bank deposits | 28,331,359 | 33,653,696 | 29,600,871 |
| Other financial assets | 223,969,817 | 3,950,420 | 315,953 |
| Trade and other receivables | 20,076,454 | 3,274,818 | 8,805,895 |
| | **2,182,460,649** | **1,869,329,855** | **1,413,437,107** |
| **Current assets** | | | |
| Inventories | 6,943,157 | 6,213,042 | 10,595,920 |
| Trade and other receivables | 151,075,812 | 82,576,431 | 115,844,140 |
| Available-for-sale financial assets | 897,838 | 902,305 | 96,227 |
| Bank deposits | 51,520,050 | 3,101,651 | 9,650,803 |
| Current tax assets | 2,291,326 | 2,111,122 | 469,884 |
| Cash and cash equivalents | 151,368,122 | 71,754,254 | 54,129,690 |
| | **364,096,305** | **166,658,805** | **190,786,664** |
| **Total assets** | **2,546,556,954** | **2,035,988,660** | **1,604,223,771** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 812,983,250 | 665,397,586 | 438,800,453 |
| Share application money | - | - | 6,810,739 |
| Currency translation deficit | (6,250,693) | (3,235,562) | (170,665,115) |
| Retained earnings/(deficit) | (20,948,857) | (35,436,347) | 95,329,605 |
| **Equity attributable to owners of the Company** | **785,783,700** | **626,725,677** | **370,275,682** |
| Non-controlling interests | 110,874 | 407,215 | 47,848,222 |
| **Total equity** | **785,894,574** | **627,132,892** | **418,123,904** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Retirement benefit obligations | 1,040,931 | 1,077,439 | 800,594 |
| Borrowings | 1,315,058,139 | 1,129,801,079 | 1,029,579,234 |
| Other financial liabilities | 164,078,859 | - | 7,703,829 |
| Deferred tax liabilities | 102,913,216 | 99,776,544 | 52,017,017 |
| Trade and other payables | 16,476,890 | 13,004,265 | 11,063,632 |
| | **1,599,568,035** | **1,243,659,327** | **1,101,164,306** |
| **Current liabilities** | | | |
| Trade and other payables | 145,010,400 | 132,492,929 | 66,353,589 |
| Current tax liabilities | 1,947,128 | 1,444,850 | 1,196,777 |
| Borrowings | 14,136,817 | 31,258,662 | 17,385,195 |
| | **161,094,345** | **165,196,441** | **84,935,561** |
| **Total liabilities** | **1,760,662,380** | **1,408,855,768** | **1,186,099,867** |
| **Total equity and liabilities** | **2,546,556,954** | **2,035,988,660** | **1,604,223,771** |

The explanatory notes are an integral part of these Interim Condensed Consolidated financial statements

**Greenko Energy Holdings**
(All amounts in US Dollars unless otherwise stated)

**Interim Condensed Consolidated statement of profit or loss**

| | Successor | Predecessor | Successor |
|---|---|---|---|
| | **Six months ended 30 September 2016 (Unaudited)** | **Six months ended 30 September 2015 (Unaudited)** | **For the period from 12 June 2015 to 31 March 2016 (Audited)** |
| Revenue | 123,137,367 | 100,283,486 | 27,191,501 |
| Other operating income | 63,949 | 15,290 | 93,288 |
| Cost of material and power generation expenses | (8,734,711) | (5,923,432) | (6,394,042) |
| Employee benefits expense | (5,349,357) | (3,908,519) | (3,962,541) |
| Other operating expenses | (5,374,880) | (4,657,550) | (3,748,346) |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | **103,742,368** | **85,809,275** | **13,179,860** |
| Depreciation and amortisation | (25,194,555) | (17,253,588) | (16,714,500) |
| **Operating profit/(loss)** | **78,547,813** | **68,555,687** | **(3,534,640)** |
| Finance income | 1,600,502 | 699,739 | 578,152 |
| Finance costs | (59,839,514) | (35,818,796) | (31,618,180) |
| **Profit/(loss) before tax** | **20,308,801** | **33,436,630** | **(34,574,668)** |
| Income tax expense | (6,156,487) | (6,392,808) | (1,208,479) |
| **Profit/(loss) for the period** | **14,152,314** | **27,043,822** | **(35,783,147)** |
| **Attributable to:** | | | |
| Owners of the Company | 14,487,490 | 26,158,683 | (35,436,347) |
| Non – controlling interests | (335,176) | 885,139 | (346,800) |
| | **14,152,314** | **27,043,822** | **(35,783,147)** |

(All amounts in US Dollars unless otherwise stated)

**Interim Condensed Consolidated statement of comprehensive income**

| | Successor | Predecessor | Successor |
|---|---|---|---|
| | **Six months ended 30 September 2016 (Unaudited)** | **Six months ended 30 September 2015 (Unaudited)** | **For the period from 12 June 2015 to 31 March 2016 (Audited)** |
| **Profit/(loss) for the period** | 14,152,314 | 27,043,822 | (35,783,147) |
| **Other comprehensive income** | | | |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translating foreign operations | (3,015,131) | (60,354,068) | (3,235,562) |
| **Total other comprehensive income** | **(3,015,131)** | **(60,354,068)** | **(3,235,562)** |
| **Total comprehensive income** | **11,137,183** | **(33,310,246)** | **(39,018,709)** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | 11,472,359 | (34,195,385) | (38,671,909) |
| Non-controlling interests | (335,176) | 885,139 | (346,800) |
| | **11,137,183** | **(33,310,246)** | **(39,018,709)** |

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

**Interim Condensed Consolidated statement of changes in equity**

**Successor:**

| | Ordinary shares | Currency Translation Deficit | Retained deficit | Total attributable to owners of Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| Issue of Ordinary Shares | 665,397,586 | - | - | 665,397,586 | - | 665,397,586 |
| Acquisition through business combination | - | - | - | - | 713,309 | 713,309 |
| Issue of shares to non-controlling interests in subsidiaries | - | - | - | - | 40,706 | 40,706 |
| | **665,397,586** | **-** | **-** | **665,397,586** | **754,015** | **666,151,601** |
| Loss for the period | - | - | (35,436,347) | **(35,436,347)** | (346,800) | **(35,783,147)** |
| Exchange differences on translating foreign operations | - | (3,235,562) | - | **(3,235,562)** | - | **(3,235,562)** |
| **Total comprehensive income** | **-** | **(3,235,562)** | **(35,436,347)** | **(38,671,909)** | **(346,800)** | **(39,018,709)** |
| **At 1 April 2016** | **665,397,586** | **(3,235,562)** | **(35,436,347)** | **626,725,677** | **407,215** | **627,132,892** |
| Issue of Ordinary Shares | 147,585,664 | - | - | 147,585,664 | - | 147,585,664 |
| Issue of shares to non-controlling interests in subsidiaries | - | - | - | - | 38,835 | 38,835 |
| | **147,585,664** | **-** | **-** | **147,585,664** | **38,835** | **147,624,499** |
| Profit for the period | - | - | 14,487,490 | **14,487,490** | (335,176) | **14,152,314** |
| Exchange differences on translating foreign operations | - | (3,015,131) | - | **(3,015,131)** | - | **(3,015,131)** |
| **Total comprehensive income** | **-** | **(3,015,131)** | **14,487,490** | **11,472,359** | **(335,176)** | **11,137,183** |
| **At 30 September 2016** | **812,983,250** | **(6,250,693)** | **(20,948,857)** | **785,783,700** | **110,874** | **785,894,574** |

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

**Interim Condensed Consolidated statement of changes in equity**

**Predecessor:**

| | Share capital | Share application money | Currency Translation deficit | Retained earnings | Total attributable to owners of Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 1 April 2015** | 438,800,453 | 6,810,739 | (110,311,047) | 69,170,922 | 404,471,067 | 46,963,083 | 451,434,150 |
| Profit for the period | - | - | - | 26,158,683 | 26,158,683 | 885,139 | 27,043,822 |
| Exchange differences on translating foreign operations | | | (60,354,068) | - | (60,354,068) | - | (60,354,068) |
| **Total comprehensive income** | **-** | **-** | **(60,354,068)** | **26,158,683** | **(34,195,385)** | **885,139** | **(33,310,246)** |
| **At 30 September 2015** | **438,800,453** | **6,810,739** | **(170,665,115)** | **95,329,605** | **370,275,682** | **47,848,222** | **418,123,904** |

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

**Interim Condensed Consolidated statement of cash flow**

| | | Successor | Predecessor | Successor |
|---|---|---|---|---|
| | | **Six months ended 30 September 2016 (Unaudited)** | **Six months ended 30 September 2015 (Unaudited)** | **For the period from 12 June 2015 to 31 March 2016 (Audited)** |
| **A.** | **Cash flows from operating activities** | | | |
| | Profit/(loss)before tax | 20,308,801 | 33,436,630 | (34,574,668) |
| | *Adjustments for* | | | |
| | Depreciation, amortization and impairment | 25,194,555 | 17,253,588 | 16,714,500 |
| | Finance income | (1,600,502) | (699,739) | (578,152) |
| | Finance costs | 59,839,514 | 35,818,796 | 31,618,180 |
| | *Changes in working capital* | | | |
| | Inventories | (757,577) | (44,284) | (218,850) |
| | Trade and other receivables | (68,730,061) | (49,949,103) | 1,281,748 |
| | Trade and other payables | (37,958,044) | 14,430,941 | (13,711,065) |
| | *Cash generated from/ (used) in operations* | **(3,703,314)** | **50,246,829** | **531,693** |
| | Taxes paid | (2,218,770) | (1,774,265) | (3,237,141) |
| | **Net cash from/ (used) in operating activities** | **(5,922,084)** | **48,472,564** | **(2,705,448)** |
| **B.** | **Cash flows from investing activities** | | | |
| | Purchase of property, plant and equipment and capital expenditure | (102,326,660) | (190,980,327) | (88,709,767) |
| | Acquisition of business, net of cash and cash equivalents acquired* | - | (12,603,162) | (276,881,755) |
| | Investment in mutual funds | - | - | (798,751) |
| | Consideration paid for acquisitions made by subsidiaries | - | - | (451,247) |
| | Advance for purchase of equity | (15,366,767) | (296,590) | - |
| | Bank deposits | (43,105,842) | 752,117 | (821,720) |
| | Interest received | 2,076,523 | 673,786 | 578,004 |
| | **Net cash used in investing activities** | **(158,722,746)** | **(202,454,176)** | **(367,085,236)** |
| **C.** | **Cash flows from financing activities** | | | |
| | Proceeds from issue of shares (Net of expenses) | 147,585,664 | - | 433,519,071 |
| | Proceeds from non-controlling interests | 38,835 | - | 40,161 |
| | Proceeds from borrowings (Net of expenses)** | 530,867,904 | 206,561,749 | 68,318,953 |
| | Repayment of borrowings** | (360,565,207) | (18,379,106) | (8,423,601) |
| | Interest paid | (73,934,241) | (49,370,615) | (51,287,444) |
| | **Net cash from financing activities** | **243,992,955** | **138,812,028** | **442,167,140** |
| | **Net increase in cash and cash equivalents** | **79,348,125** | **(15,169,584)** | **72,376,456** |
| | **Cash and cash equivalents at the beginning of the period** | 71,754,254 | 70,909,134 | - |
| | Exchange losses on cash and cash equivalents | 265,743 | (1,609,860) | (622,202) |
| | **Cash and cash equivalents at the end of the period** | **151,368,122** | **54,129,690** | **71,754,254** |

**Successor:**

* On 20 November 2015, the Company acquired shares of Greenko Mauritius (“Predecessor”) from Greenko Group PLC, GEEMF III GK Holdings MU (“GEEMF”) and Cambourne Investment Pte. Ltd. (“Cambourne”) (collectively referred as “selling shareholders”) for a consideration of US$ 584,389,778. In addition to cash payment of US$ 352,511,264 to selling shareholders and consideration of US$ 231,878,514 is discharged by way of issue of Company’s ordinary shares to Cambourne. Cash and cash equivalents acquired on business combination is US$ 75,629,509 (Refer note 9).

** Refer note No.8

## 1. General information

**Greenko Energy Holdings** ("the Company" or "Successor") is a company domiciled in Mauritius and registered as a company limited by shares under company number C130988 pursuant to the provisions Companies Act 2001. The registered office of the Company is at 11th Floor, Medine Mews, La Chaussee Street, Port Louis, Mauritius. The Company was incorporated on 12 June 2015.

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

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

**Acquisition:**

On 20 November 2015, Greenko Energy Holdings ("Successor") acquired 100% of Greenko Mauritius ("Predecessor") in series of transactions with certain controlling stakeholders. The acquisition is discussed further in note 9.

The Company together with its subsidiaries and the Predecessor together with its subsidiaries hereinafter referred to as "the Group" in respective periods.

## 2. Basis of preparation

The interim condensed consolidated financial statements ("the interim condensed consolidated financial statements") are for the six months ended 30 September 2016 and are presented in US Dollars. The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" and do not include all the information required in annual financial statements in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 March 2016.

The interim condensed consolidated financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes issued by Greenko Dutch B.V. and Greenko Investment Company, wholly owned subsidiaries. Greenko Energy Holdings is Parent Guarantor for Senior Notes issued by these entities. The Company acquired Greenko Mauritius on 20 November 2015. As per indenture governing the Senior Notes of Greenko Investment Company, the financial statements of the Parent Guarantor for the semi-annual period ended 30 September 2016 is required to present with the comparable prior year period of Greenko Mauritius as the predecessor to the Parent Guarantor.

The interim condensed consolidated financial statements as of 30 September 2016 and 31 March 2016 (for the period from 12 June 2015 to 31 March 2016) includes accounts of the Company and it's subsidiaries ("the successor"). The Acquisition was accounted for as a purchase in accordance with the IFRS 3 "Business Combination" which resulted in a new valuations of the assets and liabilities, based on their estimated fair values as of the Acquisition date. The Company has no substantive operations prior to the Acquisition date. The same has been presented for comparative purposes to meet the requirements of users of the financial statements. Further, as mentioned above, the Company was incorporated on 12 June 2015 and has no operations till 20 November 2015.

The interim condensed consolidated financial information of Predecessor as of 30 September 2015 are for the period from 1 April 2015 to 30 September 2015, prior to acquisition by the Company, reflect the "pre-acquisition" financial position, results of operations and cash flows of the predecessor prepared on the historical basis of accounting prior to the Acquisition.

The consolidated financial information of the Successor for the period from 12 June 2015 to 31 March 2016 is effectively from 20 November 2015. Due to the different period lengths of each of financial period, 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 directly comparable with one another or those of the "Predecessor".

## 3. Significant accounting policies

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Group's last audited annual financial statements for the period ended 31 March 2016. The presentation of the Interim condensed consolidated financial Statements is consistent with the audited Annual Financial Statements.

## 4. Estimates

The preparation of the Interim condensed consolidated financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the date of the Interim condensed consolidated Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgments at the date of the Interim condensed consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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

## 5. Intangible assets and Goodwill

**Successor:**

| | Licences | Electricity PPAs | Goodwill | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Acquisition through business combination (Refer Note 9) | 130,260,197 | 21,241,383 | 250,618,817 | 402,120,397 |
| Exchange differences | (463,462) | (75,575) | (906,808) | (1,445,845) |
| **At 31 March 2016** | **129,796,735** | **21,165,808** | **249,712,009** | **400,674,552** |
| Exchange differences | (642,558) | (104,782) | (1,236,198) | (1,983,538) |
| **At 30 September 2016** | **129,154,177** | **21,061,026** | **248,475,811** | **398,691,014** |
| | | | | |
| **Accumulated amortisation and impairment** | | | | |
| Charge for the period | 630,301 | 1,374,526 | - | 2,004,827 |
| Exchange differences | 8,553 | 18,651 | - | 27,204 |
| **At 31 March 2016** | **638,854** | **1,393,177** | **-** | **2,032,031** |
| Charge for the period | 907,709 | 2,102,724 | - | 3,010,433 |
| Exchange differences | 786 | 2,251 | - | 3,037 |
| **At 30 September 2016** | **1,547,349** | **3,498,152** | **-** | **5,045,501** |
| | | | | |
| **Net book value** | | | | |
| **At 30 September 2016** | **127,606,828** | **17,562,874** | **248,475,811** | **393,645,513** |
| At 31 March 2016 | 129,157,881 | 19,772,631 | 249,712,009 | 398,642,521 |

**Predecessor:**

| | Licences | Electricity PPAs | Goodwill | Total |
|---|---|---|---|---|
| At 1 April 2015 | 122,880,278 | 14,119,124 | 19,418,865 | 156,418,267 |
| Acquisition on business combination | 1,809,846 | - | 2,041,423 | 3,851,269 |
| Exchange differences | (6,775,700) | (765,906) | (1,177,399) | (8,719,005) |
| **At 30 September 2015** | **117,914,424** | **13,353,218** | **20,282,889** | **151,550,531** |
| | | | | |
| **Accumulated amortisation** | | | | |
| At 1 April 2015 | 2,942,208 | 9,415,747 | - | 12,357,955 |
| Charge for the period | 830,980 | 698,590 | - | 1,529,570 |
| Exchange differences | (184,087) | (531,351) | - | (715,438) |
| **At 30 September 2015** | **3,589,101** | **9,582,986** | **-** | **13,172,087** |
| | | | | |
| **Net book value** | | | | |
| **At 30 September 2015** | **114,325,323** | **3,770,232** | **20,282,889** | **138,378,444** |

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

## 6. Property, plant and equipment

**Successor:**

| | Land | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Acquisition through business combination | 20,897,804 | 133,752,675 | 734,596,742 | 2,168,894 | 1,022,136 | 436,463,165 | 1,328,901,416 |
| Additions (Refer Note 9) | 3,041,908 | 6,380,767 | 189,482,193 | 130,318 | - | 79,650,517 | 278,685,703 |
| Disposals/capitalisation | - | - | (32,569) | - | (9,248) | (159,826,496) | (159,868,313) |
| Exchange differences | (34,340) | (397,376) | (87,206) | (6,079) | (4,022) | (2,494,221) | (3,023,244) |
| **At 31 March 2016** | **23,905,372** | **139,736,066** | **923,959,160** | **2,293,133** | **1,008,866** | **353,792,965** | **1,444,695,562** |
| Additions | 797,905 | 159,554 | 56,510 | 381,161 | 108,069 | 105,328,128 | 106,831,327 |
| Adjustments | - | (881,255) | - | - | - | - | (881,255) |
| Exchange differences | (114,872) | (694,902) | (4,688,451) | (9,695) | (4,524) | 8,398,412 | 2,885,968 |
| At 30 September 2016 | **24,588,405** | **138,319,463** | **919,327,219** | **2,664,599** | **1,112,411** | **467,519,505** | **1,553,531,602** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| Charge for the period | - | 1,479,975 | 12,949,152 | 182,291 | 98,255 | - | 14,709,673 |
| Disposals | - | - | (16,174) | - | (5,629) | - | (21,803) |
| Exchange differences | - | 20,081 | 175,480 | 2,474 | 1,257 | - | 199,292 |
| **At 31 March 2016** | **-** | **1,500,056** | **13,108,458** | **184,765** | **93,883** | **-** | **14,887,162** |
| Charge for the period | - | 2,088,537 | 19,685,010 | 274,411 | 136,164 | - | 22,184,122 |
| Exchange differences | - | 1,660 | 20,746 | 279 | 127 | - | 22,812 |
| **At 30 September 2016** | **-** | **3,590,253** | **32,814,214** | **459,455** | **230,174** | **-** | **37,094,096** |
| | | | | | | | |
| **Net book values** | | | | | | | |
| **At 30 September 2016** | **24,588,405** | **134,729,210** | **886,513,005** | **2,205,144** | **882,237** | **467,519,505** | **1,516,437,506** |
| At 31 March 2016 | 23,905,372 | 138,236,010 | 910,850,702 | 2,108,368 | 914,983 | 353,792,965 | 1,429,808,400 |

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

**Predecessor:**

| | Land | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2015 | 16,244,162 | 127,556,521 | 595,181,473 | 3,175,763 | 1,851,242 | 381,757,569 | 1,125,766,730 |
| Additions | 767,902 | 7,574,640 | 119,172,931 | 770,140 | 11,334 | 219,676,236 | 347,973,183 |
| Acquisition through business combination | 204,509 | 3,098,456 | 23,524,292 | 147,804 | 65,814 | - | 27,040,875 |
| Capitalisation | - | - | - | - | - | (126,652,459) | (126,652,459) |
| Exchange differences | (916,230) | (7,330,829) | (35,837,069) | (203,943) | (104,754) | (22,055,387) | (66,448,212) |
| **At 30 September 2015** | **16,300,343** | **130,898,788** | **702,041,627** | **3,889,764** | **1,823,636** | **452,725,959** | **1,307,680,117** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2015 | - | 14,273,183 | 42,590,977 | 1,380,671 | 815,975 | - | 59,060,806 |
| Charge for the period | - | 2,097,391 | 13,097,301 | 363,309 | 166,017 | - | 15,724,018 |
| Exchange differences | - | (836,063) | (2,469,832) | (85,601) | (49,155) | - | (3,440,651) |
| **At 30 September 2015** | **-** | **15,534,511** | **53,218,446** | **1,658,379** | **932,837** | **-** | **71,344,173** |
| | | | | | | | |
| **Net book values** | | | | | | | |
| **At 30 September 2015** | **16,300,343** | **115,364,277** | **648,823,181** | **2,231,385** | **890,799** | **452,725,959** | **1,236,335,944** |

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

## 7. Commitments

Capital expenditure contracted for at 30 September 2016 but not yet incurred aggregated to $ 377,164,287 (31 March 2016: US$ 371,523,021).

**8.** In August 2016, Greenko Investment Company, a subsidiary of the Group, raised funds to the tune of US$500 million by issuing 4.875% US$ 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, Greenko Investment Company invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Investment Company is duly registered as a Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 16 August 2023. The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of Greenko Investment Company owned by Greenko Mauritius. Non-convertible debentures issued to Greenko Investment Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee.

## 9. Business combinations

On 20 November 2015, the Company had acquired 100% shareholding in Greenko Mauritius ("Predecessor") from Greenko Group Plc, GEEMF III GK Holdings MU ("GEEMF") and Cambourne Investment Pte Ltd ("Cambourne") through multiple Share Purchase Agreements ("SPA') for a consideration of US$ 584,389,778.

The Company has accounted for the transaction under IFRS 3, "Business Combinations" in the consolidated financial statements and allocated the aggregate purchase consideration as follows:

| Description | Amount (US$) |
|---|---|
| Total consideration | 584,389,778 |
| **Identifiable assets acquired** | |
| Property, Plant and Equipment | 1,328,901,416 |
| Intangible assets | 151,501,580 |
| Cash and cash equivalents | 75,629,509 |
| Bank deposits | 36,670,847 |
| Non-cash working capital | 16,464,403 |
| Available for sale financial assets | 93,941 |
| Knock-out call option settlement amount | 1,010,000 |
| Other non-current financial assets | 3,634,467 |
| **Identifiable liabilities assumed** | |
| Debt taken over | (1,101,781,594) |
| Retirement benefit obligations | (794,999) |
| GE liability (Refer Note below) | (78,000,000) |
| Non-controlling interests | (713,309) |
| Deferred tax liability | (98,845,300) |
| **Net assets acquired** | **333,770,961** |
| **Goodwill** | **250,618,817** |

The acquired receivables represent the fair value and the best estimate at the acquisition date of the cash flows from these receivables are all expected to be collected.

The above mentioned consideration is settled by cash payment of US$ 352,511,264 to Greenko Group Plc and GEEMF and US$ 231,878,514 by way of issue of Company's ordinary shares to Cambourne.

The total goodwill of US$250,618,817 was primarily attributable to the assemble work force, intangible assets that do not qualify for separate recognition and the expected synergies. The said goodwill is not deductible for tax purposes. Transaction cost incurred amounting to US$ 900,309 was recognised in profit or loss.

The acquired group comprises of an investment of US$ 50,000,000 by GE Equity International Mauritius ("GE") to indirectly acquire Class A equity shares and compulsorily convertible cumulative preference shares ("CCPS') of Greenko Wind Projects Pvt Ltd ("Greenko Wind"), one of the subsidiaries of Greenko Mauritius. GE had certain preferential rights as to payment of dividends and on liquidation in Greenko Wind. Greenko Mauritius ("Predecessor") had an option to call on GE to buy CCPS while GE has an option to put any of the Class A equity shares and CCPS to Greenko Mauritius ("Predecessor") as per the terms of the agreement. The options should be exercised at such prices which would provide GE with certain protective returns as per the terms of the agreements. This instrument was construed as a compound instrument with components of equity and liability. However subsequent to the acquisition, Greenko Mauritius ("Predecessor") entered into a Share Purchase Agreement wherein Greenko Mauritius ("Predecessor") agreed to purchase the shares held by GE for a consideration of US$ 78,000,000. Accordingly this consideration is reflected as liability assumed as part of business combination. During the period, the Group has paid US$ 33,157,675 to GE.

**10.** During the period ended 30 September 2016, the group entered into certain derivative contracts to mitigate the foreign currency risk associated with the USD borrowings. The derivative asset and liability associated with these option contracts are recognized in these interim condensed consolidated financial statements at fair value at inception. Subsequent changes to the fair value from the date of inception till 30 September, 2016, have been charged to statement of profit or loss during the current period. The fair value of said derivative asset and liability, as on 30 September 2016, have been disclosed under non-current asset/liability.

**11. Subsequent events**

On September 20, 2016, GEH through its wholly owned subsidiaries Greenko Power Projects (Mauritius) Limited, ("GPPM") and Greenko Solar Energy Private Limited ("GSEPL") entered into a definitive agreement with Sun Edison Group to acquire the equity shares and cumulative convertible debentures of certain target Indian subsidiaries of Sun Edison Group.

The transaction primarily involve acquisition of select portfolio of Solar and Wind power projects in India. The acquisition is part of Company's growth strategy. The acquisition was closed on October 27, 2016 and the Company is currently in the process of finalizing the purchase price allocation to various assets acquired and liabilities assumed.

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

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

**Overview**

We are one of the leading independent owners and operators of clean energy projects in India. As of the date, our portfolio of assets consists of (i) 47 operational projects with a combined installed capacity of 1,280.0 MW, comprising 20 operational hydro power projects with a total installed capacity of 283.8 MW, 12 operational wind energy projects with a total installed capacity of 714.0 MW, 8 operational solar projects with a total installed capacity of 203.9 MW and 7 operational thermal projects (which include biomass and gas) with a total installed capacity of 78.3 MW, (ii) fourteen projects under construction with a total licensed capacity of 848.6 MW, comprising 4 hydro power projects with a total licensed capacity of 153.6 MW and 4 wind energy projects with a total licensed capacity of 495.0 MW, 6 solar energy projects with a total licensed capacity of 200 MW and (iii) 24 projects with a total licensed capacity of 1,611.0 MW under active development, comprising 10 hydro power projects with a total licensed capacity of 576.0 MW and 11 wind energy projects with a total licensed capacity of 685 MW and 3 Solar energy Projects of 350 MW.

As of the date, the Restricted Group accounted for 49.0% of the total installed capacity of our operational projects, consisting of 17 operational hydro power projects with a total installed capacity of 235.3 MW (82.9% of the total installed capacity of our operational hydro power projects) and 5 operational wind energy projects with a total installed capacity of 392.0 MW (54.9% of the total installed capacity of our operational wind energy projects).

As of the date, the Restricted Group II accounted for 23.9% of the total installed capacity of our operational projects, consisting of 2 operational hydro power project with a total installed capacity of 32.5 MW (11.5% of the total installed capacity of our operational hydro power projects) and 5 operational wind energy projects with a total installed capacity of 274.0 MW (38.4% of the total installed capacity of our operational wind energy projects). In addition, as of the date, the Restricted Group II has one hydro power project with a total licensed capacity of 96.0 MW constructed and under trial-run.

**Factors Affecting our Results of Operations**

***Impact of Weather and Seasonality***

Weather conditions can have a significant effect on our power generating activities. The profitability of a wind energy project is directly correlated with wind conditions at the project site. Variations in wind conditions occur as a result of fluctuations in wind currents on a daily, monthly and seasonal basis and over the long term, as a result of more general changes in climate. In particular, wind conditions are generally tied to the monsoon season in India and are impacted by the strength of each particular monsoon season. The monsoon season in India runs from June to September and we generate approximately 60% of our annual production during this period. For example, our wind farms in the Andhra Pradesh cluster performed were negatively impacted in the 6 months ended September 30, 2016 as a result of unfavorable wind conditions from the weak monsoon season in 2016, while Maharashtra Cluster performed positively. The wind performance of wind energy projects in different areas of India are correlated to a certain extent, as at times weather patterns across the whole of India are likely to have an influence on wind patterns and consequently, on revenues generated by wind energy projects across the whole of India.

Hydroelectric power generation is dependent on the amount of rainfall, snow melt and glacier melt in the regions in which our hydro power projects are located, which vary considerably from quarter to quarter and from year to year. Our hydro power projects in the Himachal Pradesh, Uttarakhand, Sikkim and Arunachal Pradesh northern clusters are dependent on rainfall, snow melt and glacier melt. Our hydro power projects in the Karnataka southern cluster are situated on rivers that are primarily monsoon-dependent and are expected to run at full capacity during the four-month wet season, which is usually from June to September, and generate negligible amounts of power during the remaining period of the year. Any reduction in seasonal rainfall, snow melt or glacier melt or change from the expected timing could cause our hydro power projects to run at a reduced capacity and therefore produce less electricity, impacting our profitability. For example, our hydro power projects in the Karnataka southern cluster were negatively impacted for the 6 months ended September 30, 2016 as a result of the total rainfall during the 2016 monsoon season being 30.0% lower than the average of the prior 50 monsoon seasons in India in the catchment areas of our projects. Conversely, if hydrological conditions are such that too much rainfall occurs at any one time, water may flow too quickly and at volumes in excess of a particular hydro power project's designated flood levels, which may result in shutdowns. Where rainfall levels are in the normal range in terms of overall quantum for the year but a substantial portion is concentrated for a shorter period of time, our hydro power projects will generate less power in the course of the year and consequently, this will impact the revenues derived from our hydro power projects. The performance of each of our projects is measured by its average plant load factor ("PLF"), which is the project's actual generation output as a percentage of its installed capacity over a period of time.

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

***Significant Recent Growth***

Since March 31, 2016, we have significantly expanded our installed base of operational projects. In recent years, we have made a number of acquisitions to increase the total generating capacity of our projects, with a focus on acquiring operational and advanced construction projects near our existing and upcoming project clusters. We have also developed and are continuing to develop a number of projects. Our rapid growth makes it difficult to compare our consolidated results from period to period.

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

***Operation of Our Projects***

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

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

***Power Purchase Agreements***

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

Our PPAs are generally structured in three ways:

- PPAs with preferential feed-in tariffs ("FITs") having a term of between 10 to 25 years which provide greater downside protection since the tariffs are generally fixed for the duration of the PPA. PPAs based on FITs generally do not escalate for inflation.
- Open access tariffs or group captive consumer or third party direct sales linked to commercial tariffs which provide potential for upside based on increases in tariffs charged by state utilities to their industrial and commercial consumers in future years. Such PPAs are generally entered into on a long-term basis, providing clear visibility of revenues for the relevant project with potential growth in revenues from better payment terms.
- PPAs with tariffs based on average power purchase cost of electricity ("APPC") plus RECs which offer greater upside revenue potential depending on the annual escalation in APPC tariffs and the market price of the RECs that may be sold. As the term of such PPAs is generally short, this PPA model allows us the flexibility to move to the merchant tariff model at an appropriate time with direct customers or group captive consumers, enhancing the revenue realization of the relevant projects.

We expect to sell a portion of the power generated by a number of our under-construction projects to customers in wholesale or merchant markets at prevailing market prices in the future. Merchant sales are exposed to price fluctuations. The most crucial factors affecting the performance of merchant projects are the current market prices of power and the marginal costs of production.

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

***Capital Expenditure Costs***

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

***Exchange Rate Fluctuations***

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

***Government Policies and Initiatives***

We depend in part on government policies and initiatives that support clean energy and enhance the economic feasibility of developing clean energy projects. For several years, India has adopted policies and subsidies actively supporting clean energy. Although we do not directly receive government subsidies, preferential tariffs for clean energy have been established in many states, ranging from approximately Rs. 2.50/kWh to Rs. 5.81/kWh. In addition, the Generation Based Incentive ("GBI") scheme, which provides an incremental incentive of Rs. 0.5/kWh capped at Rs. 10 million per MW, was reinstated in April 2013 for new wind energy projects and benefit all the wind capacity commissioned since that date.

These regulatory initiatives have contributed to demand for clean energy generally and therefore for power generated by our clean energy projects. Regulations also contributes to the revenue received for the power our projects generate. The support for clean energy has been strong in recent years, and the Indian Government has periodically reaffirmed its desire to sustain and strengthen that support. Additional regulatory requirements could contribute to increases in demand for clean energy and/or to increases in power prices. For example, the aim of the Indian Government is for 15.0% of India's energy requirements to be derived from renewable energy sources by 2020 and the Renewable Purchase Obligation ("RPO") is one of the regulatory measures implemented to ensure the achievement of this goal. To this end, distribution companies of a state, open access consumers and captive consumers are obligated to purchase a certain percentage of their power from renewable sources under the RPO rules.

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

***Financing Requirements***

Energy project development and construction are capital intensive. We incur costs and expenses for the purchase of plant and equipment, the purchase of land, feasibility studies and construction and other development costs. As a result, our ability to access financing is crucial to our growth strategy. While we expect to fund the construction and development of our projects with a combination of cash flows from operations, debt financing and equity financings, the recent worldwide financial and credit crisis has reduced liquidity and the availability of credit.

## Principal Statement of Comprehensive Income Items

The following is a brief description of the principal line items that are included in the statement of profit or loss in the Interim Condensed Consolidated/Combined Financial Statements.

***Revenue***

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

*Sale of power*

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

*Sale of renewable energy certificates*

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

*Generation Based Incentive*

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

***Other Operating Income***

Other operating income refers to income from activities other than normal business operations, and includes profit or loss on sale and disposal of assets.

***Cost of Material and Power Generation Expenses***

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

***Employee Benefits Expense***

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

***Other Operating Expenses***

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

***Depreciation and Amortization***

*Depreciation and impairment in value of tangible assets*

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

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

*Amortization and impairment in value of intangible assets*

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

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

*Impairment of non-financial assets*

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

***Finance Income***

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

### *Finance Cost*

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

### *Income Tax Expense*

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

**Results of Operations — Greenko Energy Holdings Interim Condensed Consolidated Financial Statements**

***Six months ended September 30, 2016 Compared to six months ended September 30, 2015***

Greenko Energy Holdings (the "Parent Guarantor" or "the Company" or the "Successor") was incorporated on June 12, 2015. The Parent Guarantor acquired all of the ordinary shares in Greenko Mauritius ("Greenko Mauritius" or the "Predecessor") held by Greenko Group plc on November 20, 2015 and also acquired all of the A exchangeable shares in Greenko Mauritius held by Cambourne Investments Private Limited, an affiliate of GIC, and all of the preference shares in Greenko Mauritius held by GEEMF III GK Holdings MU (collectively, the "Acquisition"). Prior to the Acquisition, the Parent Guarantor did not have any operations or assets. The operations of Greenko Mauritius are included in the interim condensed consolidated financial statements of the Parent Guarantor from the date of the Acquisition. As such, the results of operations of the Successor for the period from June 12, 2015 to March 31, 2016 ("Fiscal 2016") are primarily attributable to Greenko Mauritius' operations from November 20, 2015 to March 31, 2016.

The interim condensed consolidated financial statements of the Predecessor for the period from April 1, 2015 to September 30, 2015, presented for the purpose of comparison, reflect the "pre-acquisition" financial position, results of operations of the Predecessor prepared on the historical basis of accounting prior to the Acquisition.

Unless otherwise specified or the context otherwise requires, "we", "us", "our" or words of similar import refers to the Successor following the Acquisition and the Predecessor prior to the Acquisition.

*Revenue*

Our revenue was increased by 22.8% to US$123.1 million in 6 months ended 30 September 2016 from US$100.3 million in the 6 Months ended September 2015.

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

| | **Successor** | **Predecessor** |
|---|---|---|
| | **6 Months ended 30 September 2016** | **6 Months ended 30 September 2015** |
| | **(US$ in millions)** | **(US$ in millions)** |
| Revenue | 123.1 | 100.3 |
| Installed capacity at beginning of period (MW) | 838.1 | 753.8 |
| Installed capacity at end of period (MW) | 1002.5 | 838.1 |
| Generation (GWh) | 1,901.5 | 1,616.4 |

| | **Successor** | **Predecessor** |
|---|---|---|
| | **6 Months ended 30 September 2016** | **6 Months ended 30 September 2015** |
| | **(US$ in millions)** | **(US$ in millions)** |
| Revenues from hydropower projects | 33.1 | 31.5 |
| Revenues from wind energy projects | 86.4 | 62.5 |
| Revenues from thermal projects | 3.6 | 6.3 |
| **Total** | **123.1** | **100.3** |

Revenue for the wind power projects in the 6 months ended September 30, 2016 was increased by 38.2% to US$86.4 million compared to US$62.5 million in the 6 months ended September 30, 2015. Revenue for the hydro power projects increased by 5.2% to US$33.1 million compared to US$31.5 million in the previous year of the same period. Revenue for the thermal power projects in the 6 months ended September 30, 2016 was decreased to US$3.6 million compared to US$6.3 million in the previous year of the same period. Generation was increased by 17.6% to 1,901.5 GWh in the 6 Months ended 30 September 2016 from 1,616.4 GWh in the 6 Months ended September 2015. The increase was primarily due to increased operating capacity.

Our hydropower projects delivered an average PLF of 56.0% in the 6 Months ended 30 September 2016, 62.1% in the 6 Months ended 30 September 2015. Our hydropower projects in the southern cluster were also negatively impacted during the 6 Months ended September 2016 as a result of the lower rainfall during the 2016 monsoon season.

Our wind power projects delivered an average PLF of 38.2% in the 6 Months ended 30 September 2016, 34.0% in the 6 Months ended 30 September 2015. The increase in PLF mainly on account of good monsoon in 2016 compared to monsoon in 2015. Wind power projects of 164 MW have been commissioned during the period from September 2015 to September 2016.

*Cost of material and power generation expenses*

Cost of material and power generation expenses was US$8.7 million during 6 Months ended September 2016, US$5.9 million in the 6 Months ended September 2015. Cost of material and power generation expenses was 7.1% of revenue in September 2016, 5.9% of revenue in the 6 Months ended September 2015. For the period ended September 2016 increase in power generation expenses was primarily due to increase in O & M expenses for Wind Projects payable after first two years of free O&M from vendors, resulting into higher % of revenues.

*Employee benefits expense*

Employee benefits expense was US$5.3 million during 6 Months ended September 2016 compared to US$3.9 million during the 6 Months ended September 2015. The largest component of employee benefits expense was salaries and wages, which have generally increased period on period as a result of the increase in employee headcount in line with the growth of our business.

*Depreciation and amortization*

Depreciation and amortization was US$25.2 million during the 6 Months ended September 2016, US$17.3 million in the 6 Months ended September 2015, primarily due to an increase in plant, property and equipment as a result of our ongoing construction activity and implementation of new projects and due to change in the fair valuation of assets in view of acquisition by Greenko Energy Holdings and depreciation and amortization charge on new higher values.

*Finance income*

Finance income was US$1.6 million during the 6 Months ended September 2016, US$0.7 million during the 6 Months ended September 2015. Finance income in each of these periods was primarily due to interest on bank deposits.

*Finance cost*

Finance cost was US$59.8 million during the 6 Months ended September 2016, US$35.8 million during the 6 Months ended September 2015, which was primarily attributable to interest on our borrowings which increased to US$1,392.2million as of September 30, 2016, from US$1,047.0 million as of September 30, 2015 and increased operating capacity. Further during the 6 months ended September 2016 we have incurred hedge costs for the US$ borrowings taken by us and unamortised borrowing transaction costs and one off prepayment charges incurred for Restricted Group II entities amounts to US$7.3 million.

*Profit/(loss) before tax*

Profit before income tax was US$20.3 million during the 6 Months ended September 2016 compared to profit before tax of US$33.4 million during the 6 Months ended September 2015.

*Income tax expense*

Income tax expense was US$6.2 million during the 6 Months ended September 2016, US$6.4 million during the 6 Months ended September 2015.

Our subsidiaries in India which are engaged in power generation benefited from a tax holiday from the standard Indian corporate tax during the 6 Months ended September 2016, the 6 Months ended September 2015. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced.

However, these subsidiaries are still liable to pay minimum alternate tax which is calculated on the book profits of the relevant subsidiary, the rate of which was 21.34%.

*Profit/(loss) for the period*

As a result of the above discussed, we had a profit of US$14.2 million during the 6 Months ended September 2016 compared to a profit of US$27.0 million during the 6 Months ended September 2015.

**Liquidity and Capital Resources**

***Overview***

As of September 30, 2016, our consolidated bank deposits were US$79.9 million and our cash and cash equivalents were US$151.4 million.

Our principal financing requirements are primarily for:

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

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

We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the progress of our various under-construction and under-active development projects, acquisition opportunities and market conditions.

***Cash Flows***

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

| | **6 Months ended 30 September 2016** | **For the period from 12 June 2015 to 31 March 2016** |
|---|---|---|
| | **(US$ in millions)** | **(US$ in millions)** |
| **Consolidated Cash Flow Statement** | | |
| Net cash used in operating activities | (5.9) | (2.7) |
| Net cash used in investing activities | (158.7) | (367.1) |
| Net cash from financing activities | 244.0 | 442.2 |
| Cash and cash equivalents at the beginning of the period | 71.8 | - |
| Cash and cash equivalents at the end of the period | 151.4 | 71.8 |

*Net cash used in operating activities*

During the 6 Months ended September 2016, net cash used in operating activities of US$5.9 million was primarily attributable to (i) loss before tax of US$20.3 million, (ii) a US$68.7 million increase in trade and other receivables and (iii) a US$38.0 million decrease in trade and other payables, offset in part by adjustments of US$25.2 million for depreciation and amortization and US$59.8 million for finance cost.

For the period from 12 June 2015 to 31 March 2016, net cash used in operating activities of US$2.7 million was primarily attributable to (i) loss before tax of US$34.6 million and (ii) a US$13.7 million decrease in trade and other payables, offset in part by adjustments of US$16.7 million for depreciation and amortization and US$31.6 million for finance cost, offset in part by a US$1.2 million decrease in trade and other receivables.

*Net cash used in investing activities*

In the 6 Months ended September 2016, our net cash used in investing activities of US$158.7 million primarily consisted of (i) US$102.3 million in purchase of property, plant and equipment and capital expenditure primarily relating to our projects under construction or development, (ii) US$43.1 million in the investment in bank deposits and (ii) US$15.4 million in relation to the advance for purchase of equity.

For the period from 12 June 2015 to 31 March 2016, our net cash used in investing activities of US$367.1 million primarily consisted of (i) US$88.7 million in purchase of property, plant and equipment and capital expenditure primarily relating to our projects under construction or development and (ii) US$276.9 million in relation to the Acquisition.

*Net cash from financing activities*

In the 6 Months ended September 2016, our net cash from financing activities of US$244.0 million was primarily attributable to US$147.6 million of proceeds from the issue of shares to our shareholders and US$530.9 million of proceeds from borrowings, offset in part by US$360.6 million in repayment of borrowings and US$73.9 million in interest paid.

For the period from 12 June 2015 to 31 March 2016, our net cash from financing activities of US$442.2 million was primarily attributable to US$433.5 million of proceeds from the issue of shares to our shareholders and US$68.3 million of proceeds from borrowings, offset in part by US$8.4 million in repayment of borrowings and US$51.3 million in interest paid.

**Results of Operations — Greenko Investment Company Condensed Combined Financial Statements**

***6 Months Ended September 30, 2016 Compared to 6 Months Ended September 30, 2015***

Greenko Energy Holdings (the "Parent Guarantor") acquired all of the ordinary shares in Greenko Mauritius ("Greenko Mauritius") held by Greenko Group plc on November 20, 2015 and also acquired all of the A exchangeable shares in Greenko Mauritius held by Cambourne Investments Private Limited, an affiliate of GIC, and all of the preference shares in Greenko Mauritius held by GEEMF III GK Holdings MU (collectively, the "Acquisition").

The Acquisition was accounted for as a purchase in accordance with IFRS 3 "Business Combination" which resulted in a new valuation of our assets and liabilities, based on their estimated fair value as of the date of the Acquisition. The Interim Condensed Combined financial statements of the Restricted Group II for six months ended September 30, 2015 reflect the "pre-acquisition" financial position, results of operations of the Restricted Group II prepared on the historical basis of accounting prior to the Acquisition.

*Revenue*

Revenue for the Restricted Group II increased by 251.3% to US$32.9 million in the 6 months ended September 30, 2016 from US$9.4 million in the 6 months ended September 30, 2015. The increase was primarily due to an increase in the sale of power.

| | **6 Months ended September 30, 2016** | **6 Months ended September 30, 2015** |
|---|---|---|
| | **(US$ in Millions)** | |
| Revenue | 32.9 | 9.4 |
| Installed capacity at beginning of year (MW) | 132.5 | 22.5 |
| Installed capacity at end of period(MW) | 296.5 | 132.5 |
| Generation in (Gwh) | 459.6 | 159.1 |

| | **6 Months ended September 30, 2016** | **6 Months ended September 30, 2015** |
|---|---|---|
| | **(US$ in Millions)** | |
| Revenues from hydro power projects | 3.6 | 4.3 |
| Revenues from wind energy projects | 29.3 | 5.1 |

Revenue for the wind power projects of Restricted Group II in the 6 months ended September 30, 2016 was increased by 4.7 times to US$29.3 million compared to US$5.1 million in the 6 months ended September 30, 2015. Revenue for the hydro power projects of Restricted Group II decreased to US$3.6 million compared to US$ 4.3 million in the previous year of the same period. Increase is primarily due to increase in operating capacity of Restricted Group II. Generation in the Restricted Group increased to 459.6 GWh in the 6 months ended September 30, 2016 compared to 159.1 GWh in the 6 months ended September 30, 2015.

*Power generation expenses*

Power generation expenses for the Restricted Group II in the 6 months ended September 30, 2016 was US$0.4 million compared to US$0.1 million in the 6 months ended September 30, 2015. Power generation expenses in the 6 months ended September 30, 2016 was 1.3% of revenue compared to 1.5% of revenue in the 6 months ended September 30, 2015.

*Employee benefits expense*

Employee benefits expense for the Restricted Group in the 6 months ended September 30, 2016 was US$0.6 million compared to US$0.2 million in the 6 months ended September 30, 2015. The largest component of employee benefits expense was salaries and wages, which have generally increased period on period on account of increments and increased head count.

*Depreciation and amortization*

Depreciation and amortization for the Restricted Group II in the 6 months ended September 30, 2016 was US$8.4 million compared to US$1.6 million in the 6 months ended September 30, 2015, primarily due to increase in the operating capacity of Restricted Group II and due to change in the fair valuation of assets in view of acquisition by Greenko Energy Holdings and depreciation charge on new higher values.

*Finance income*

Finance income for the Restricted Group II in the 6 months ended September 30, 2016 was US$0.1 million compared to US$0.0 million in the 6 months ended September 30, 2015, primarily due to an increase in interest on bank deposits.

*Finance cost*

Finance cost for the Restricted Group II in the 6 months ended September 30, 2016 was US$20.9 million compared to US$3.5 million in the 6 months ended September 30, 2015, primarily due to increase borrowings and operating capacity. As on September 30, 2016 borrowings of Restricted Group II were US$ 490.98 compared to US$321.07 borrowings as on September 30, 2015. During the 6 months ended September 30, 2016 unamortised borrowing transaction costs and one off prepayment charges incurred amounts to US$7.3 million.

*Profit/(Loss) before income tax*

Profit before income tax for the Restricted Group II for the 6 months ended September 30, 2016 was US$2.1 million compared to profit of US$3.8 million for the 6months ended September 30, 2015.

*Income tax expense*

Income tax expense for the Restricted Group II in the 6 months ended September 30, 2016 was US$1.4 million compared to US$1.1 million in the 6 months ended September 30, 2015, primarily due to decrease in deferred tax.

*Profit/(loss) for the year*

As a result of the foregoing, the Restricted Group II's profit for the 6 months ended September 30, 2016 was US$0.7 million compared to profit of US$2.8 million for the 6 months ended September 30, 2015.

**Liquidity and Capital Resources**
***Overview***

As of September 30, 2016, the Restricted Group II's bank deposits were US$7.3 million and our cash and cash equivalents were US$82.1 million. The Restricted Group II's principal financing requirements are primarily for:

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

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

### *Cash Flows*

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

| | 6 Months ended September 30, 2016 | 15 Months ended March 31, 2016 |
|---|---|---|
| | (US$ in Millions) | |
| Net cash generated from/(used in) operating activities | (9.4) | 10.7 |
| Net cash used in investing activities | (0.5) | (278.4) |
| Net cash (used in)/from financing activities | 88.2 | 265.7 |
| Cash and cash equivalents at the beginning of the period | 78.3 | (1.9) |
| Cash and cash equivalents at the end of the period | 82.1 | 3.3 |

*Net cash flow from operating activities*

In the 6 months ended September 30, 2016, the Restricted Group II's net cash used in operating activities of US$9.4 million was primarily attributable to adjustments of US$32.3 million increase in trade and other receivables, US$ 8.1 million decrease in trade and other payables, US$8.4 million for depreciation and amortization and US$20.9million for finance cost.

In the 15 months ended March 31, 2016, the Restricted Group II's net cash from operating activities of US$10.7 million was primarily attributable to adjustments of US$7.1 million for depreciation and amortization and US$12.9 million for finance cost, US$8.3 million decrease in trade and other receivables and offset part by US$3.5 million in trade and other payables.

*Net cash used in investing activities*

In the 6 months ended September 30, 2016, the Restricted Group II's net cash used in investing activities of US$0.5 million primarily US$ 2.5 million investment in bank deposits and offset by decrease in capital advances of US$1.9 million.

In the 15 months ended March 31, 2016, the Restricted Group II's net cash used in investing activities of US$278.4 million primarily consisted of US$278.2 million in purchase of property, plant and equipment and capital expenditure primarily relating to its projects under construction or development.

*Net cash from financing activities*

In the 6 months ended September 30, 2016, the Restricted Group II's net cash from financing activities of US$88.2 million was primarily attributable to (i) Proceeds from borrowings of US$493.5 million, (ii) US$ 340.7 million in repayment of borrowings (iii) US$25.1 million in interest payment (iii) US$39.7 million in repayment of borrowings to unrestricted group.

In the 15 months ended March 31, 2016, the Restricted Group II's net cash from financing activities of US$265.7 million was primarily attributable to (i) Proceeds from borrowings of US$229.3 million, (ii) US$ 11.4 million in repayment of borrowings (iii) US$19.1 million in interest payment (iii) Proceeds of borrowings from unrestricted group of US$66.7 million.