B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report
To the Board of Directors of Greenko Dutch B.V.

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of the Restricted Group III which consists of the Greenko Dutch B.V. ("the Company"), a wholly owned subsidiary of Greenko Energy Holdings ("the Parent") and certain entities under common control of the Parent, as listed in note 3.1 to the combined financial statements (collectively known as "the Restricted Group III"), and which comprise the combined statement of financial position as at 31 March 2017, the combined statement of profit or loss, combined statement of comprehensive income, combined statement of changes in net parent investment and combined statement of cash flows for the year then ended 31 March 2017, and the related notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 38.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of Restricted Group III as at 31 March 2017, its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Emphasis of Matter

We draw attention to Note 3.1 to the combined financial statements, which describes that the Company has not formed a separate legal group of entities during the year ended 31 March 2017, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group III combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group III that would have occurred if it had operated as a separate standalone group of entities during the period presented, nor may they be indicative of the results of operations of the Restricted Group III for any future period. The combined financial statements have been prepared for the purpose of inclusion in the Offering Memorandum in connection with the proposed issue of Senior Notes as described in Note 2 to the combined financial statements. Our opinion is not modified in respect of this matter.

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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1st Floor, Lodha Excelus
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Independent Auditors' Report to the Board of Directors of Greenko Dutch B.V. (continued)

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

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

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Restricted Group III's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Restricted Group III's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Restricted Group III to cease to continue as a going concern.

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

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

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

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

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: 08 July 2017

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report
To the Board of Directors of Greenko Dutch B.V.

Report on Combined Financial Statements

We have audited the accompanying combined financial statements of the Restricted Group which consists of the Greenko Dutch B.V. ("the Company"), a wholly owned subsidiary of Greenko Energy Holdings ("the Parent") and certain entities under common control of the Parent, as listed in note 3.1 to the combined financial statements (collectively known as "the Restricted Group"), and which comprise the combined statement of financial positions as at 31 March 2016, the combined statement of profit or loss, other comprehensive income, changes in equity and cash flows for the fifteen months period ended 31 March 2016 and the related notes, comprising a summary of significant accounting policies and other explanatory information to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' responsibility

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

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

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

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

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

Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3.1 to the combined financial statements, which described that the Company has not formed a separate legal group of entities during the period ended 31 March 2016, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group's combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented, nor may they be indicative of the results of operations of the Restricted Group for any future period. The combined financial statements have been prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes as described in note 2 to the combined financial statements. As a result, the combined financial statements may not be suitable for another purpose.

Other matter

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

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

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date: 29 July 2016

Greenko Dutch B.V. (Restricted Group III)

(All amounts in US Dollar unless otherwise stated)

Combined statement of financial position

	Notes	As at 31 March 2017	As at 31 March 2016
Assets			
Non-current assets			
Intangible assets and goodwill	8	208,146,518	173,169,098
Property, plant and equipment	9	1,279,891,794	731,059,468
Bank deposits	15	26,002,542	23,520,671
Trade and other receivables	12	1,788,173	349,218
Other financial assets	10	-	3,950,420
		1,515,829,027	**932,048,875**
Current assets			
Inventories	13	2,945,053	2,861,247
Trade and other receivables	12	74,514,518	37,866,695
Available-for-sale financial assets	11	987,960	-
Bank deposits	15	53,034,576	637,182
Current tax assets		1,678,528	1,028,553
Cash and cash equivalents	14	21,990,641	46,530,039
		155,151,276	**88,923,716**
Total assets		**1,670,980,303**	**1,020,972,591**
Equity and liabilities			
Equity			
Net parent investment		545,511,249	357,914,116
Non-controlling interests		1,588,222	1,040,117
Total equity		**547,099,471**	**358,954,233**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	20	447,164	370,631
Borrowings	17	869,697,148	569,942,552
Deferred tax liabilities	18	77,387,747	53,588,262
		947,532,059	**623,901,445**
Current liabilities			
Trade and other payables	16	41,562,153	23,505,278
Current tax liabilities		281,086	305,030
Borrowings	17	13,320,915	1,428,161
Borrowings from unrestricted group	25	121,184,619	12,878,444
		176,348,773	**38,116,913**
Total liabilities		**1,123,880,832**	**662,018,358**
Total equity and liabilities		**1,670,980,303**	**1,020,972,591**

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

(All amounts in US Dollar unless otherwise stated)

Combined statement of profit or loss

	Notes	For the year ended 31 March 2017	For the 15 months period ended 31 March 2016
Revenue	19	133,042,375	123,332,713
Other operating income		409,455	156,753
Power generation expenses		(12,990,429)	(11,309,080)
Employee benefits expense	21	(4,983,881)	(6,176,346)
Other operating expenses		(6,337,340)	(8,418,587)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**109,140,180**	**97,585,453**
Depreciation and amortisation	8 & 9	(37,013,027)	(33,955,286)
Operating profit		**72,127,153**	**63,630,167**
Finance income	22	2,675,179	1,606,911
Finance cost	22	(64,203,901)	(67,136,085)
Profit / (Loss) before tax		**10,598,431**	**(1,899,007)**
Income tax expense	23	(734,889)	(9,063,334)
Profit / (Loss) for the period		**9,863,542**	**(10,962,341)**
Attributable to:			
Equity holders of the Restricted Group		9,315,437	(11,501,549)
Non-controlling interests		548,105	539,208
		9,863,542	**(10,962,341)**

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

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

Combined statement of comprehensive income

	Notes	For the year ended 31 March 2017	For the 15 months period ended 31 March 2016
Profit/(Loss) for the period		9,863,542	(10,962,341)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Unrealised gains on available-for-sale financial assets	11	3,401	-
Exchange differences on translating foreign operations		24,392,947	(31,087,991)
Total other comprehensive income		**24,396,348**	**(31,087,991)**
Total comprehensive income		**34,259,890**	**(42,050,332)**
Total comprehensive income attributable to:			
Equity holders of the Restricted Group		33,711,785	(42,589,540)
Non-controlling interest		548,105	539,208
		34,259,890	**(42,050,332)**

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

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

Combined statement of changes in net parent investment

	As at 31 March 2017	As at 31 March 2016
Opening	357,914,116	199,343,025
Profit/(loss) for the period	9,315,437	(11,501,549)
Foreign currency translation adjustments	24,392,947	(31,087,991)
Other reserves*	153,888,749	201,160,631
Closing	**545,511,249**	**357,914,116**

*Other reserves for the year ended March 31, 2017 primarily represent invested equity of 14 entities added to the Restricted Group during the year.

Other reserves for the period ended March 31, 2016 primarily represent the fair value adjustments on account of acquisition of 100% shareholding in Greenko Mauritius from Greenko Group Plc, GEEMF III GK Holdings MU and Cambourne Investment Pte Ltd by Greenko Energy Holdings, Mauritius. Refer note 3.1 (c) for details of these fair value adjustments.

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

Combined statement of cash flow

		Notes	For the year ended 31 March 2017	For the 15 months period ended 31 March 2016
A.	**Cash flows from operating activities**			
	Profit/(Loss) before income tax		10,598,431	(1,899,007)
	Adjustments for			
	Depreciation and amortisation	8 & 9	37,013,027	33,955,286
	Finance income		(2,675,179)	(1,606,911)
	Finance cost		64,203,901	67,136,085
	Changes in working capital			
	Inventories		(17,518)	1,274,586
	Trade and other receivables		(23,508,353)	(13,010,484)
	Trade and other payables		(6,385,951)	(1,646,674)
	Cash generated from operations		**79,228,358**	84,202,881
	Taxes paid		(4,832,052)	(7,045,667)
	Net cash from operating activities		**74,396,306**	**77,157,214**
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and capital expenditure		(134,097,867)	(18,338,197)
	Bank deposits		(47,724,826)	3,939,278
	Interest received		2,099,196	1,600,773
	Net cash used in investing activities		**(179,723,497)**	**(12,798,146)**
C.	**Cash flows from financing activities**			
	Proceeds/ (Repayment) of Borrowings from/(to) the Unrestricted Group, net		105,118,301	(9,018,785)
	Proceeds from borrowings		49,124,671	3,169,929
	Repayment of borrowings		(10,291,538)	(8,566,542)
	Interest paid		(66,615,073)	(70,854,867)
	Net cash from/ (used in) financing activities		**77,336,361**	**(85,270,265)**
	Net increase/(decrease) in cash and cash equivalents		**(27,990,830)**	**(20,911,197)**
	Cash and cash equivalents at the beginning of the period	14	46,530,039	65,568,340
	Cash and cash equivalents at the time of acquisition {Refer Note 3.1 (c)}		3,297,722	-
	Exchange gain on cash and cash equivalents		153,710	1,872,896
	Cash and cash equivalents at the end of the period	14	**21,990,641**	**46,530,039**

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

Notes to the combined financial statements

1. General information

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

Greenko Dutch B.V. and restricted entities are under common control of Greenko Mauritius. On 20 November 2015, Greenko Energy Holdings, Mauritius has acquired 100% shareholding in Greenko Mauritius from Greenko Group Plc, GEEMF III GK Holdings MU and Cambourne Investment Pte Ltd through multiple Share Purchase Agreements ("SPA").

Greenko Energy Holdings ("Greenko" or "the Parent") together with its subsidiaries ("Greenko Group") is in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities and other customers including captive consumers in India through power purchase agreements ("PPA"). The Greenko Group is also a part of the Clean Development Mechanism ("CDM") process and Renewable Energy Certificates ("REC").

2. Purpose of the Combined Financial Statements

Greenko Group through its wholly owned subsidiary Greenko Dutch proposes to issue Senior Notes with 7 year term which will be guaranteed by the Parent ("Senior Notes"). Greenko Dutch will utilize the funds for repayment of its' existing debt and for investing in Senior Secured Non-Convertible Debentures ("NCDs") of certain subsidiaries in the Greenko Group to replace their existing debt. The subsidiaries which are the beneficiaries of the proposed issue are individually called as a 'restricted entity' and collectively as 'the restricted entities. These restricted entities primarily comprise the operating hydro, wind and solar portfolio of the Greenko Group as at 31 March 2017. NCDs will be secured against operating assets and current assets (other than receivables) of the respective restricted entity through an Indian trustee. Greenko Dutch and restricted entities (as listed in note 3.1) have been considered as a group for the purpose of financial reporting and is referred hereinafter as "the Restricted Group III".

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

The combined financial statements for the previous period was prepared for a period of fifteen months from 1 January 2015 to 31 March 2016. Accordingly, the comparative amounts for the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and related notes are not comparable.

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

(All amounts in US Dollar unless otherwise stated)

3. Summary of significant accounting policies

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

3.1 Basis of preparation of the combined financial statements

a) Basis of preparation

The proposed indenture governing the Senior Notes requires Greenko Dutch to prepare combined financial statements of the Restricted Group III entities and Greenko Dutch for the purpose of inclusion in offering memorandum. These combined financial statements as at and for the periods ended 31 March 2017 and 31 March 2016 respectively have been prepared on a basis that combines statements of income, statements of comprehensive income, financial position, statement of changes in net parent investment and cash flows of the legal entities comprising the Restricted Group III entities and Greenko Dutch.

Greenko Dutch and the Restricted Group III entities are under the common control of Greenko Energy Holdings ("the parent"). Certain restricted entities were not in existence for all the historical periods presented in these combined financial statements. Historical financial statements of the Company and restricted entities are included in these combined financial statements from the date of control achieved by Greenko Group. The following are the Restricted Group III entities forming part of the parent:

	31 March 2017	31 March 2016
AMR Power Private Limited	100%	100%
Greenko Anubhav Hydel Power Private Limited	100%	100%
Greenko Astha Projects (India) Private Limited	100%	100%
Greenko AT Hydro Power Private Limited	100%	100%
Greenko Cimaron Constructions Private Limited	100%	100%
Fortune Five Hydel Projects Private Limited	100%	100%
Hemavathy Power & Light Private Limited	100%	100%
Greenko Him Kailash Hydro Power Private Limited	100%	100%
Jasper Energy Private Limited	100%	100%
Greenko Budhil Hydro Power Private Limited	100%	100%
Mangalore Energies Private Limited	99.13%	99.13%
Matrix Power (Wind) Private Limited	74%	74%
Greenko Sumez Hydro Energies Private Limited	100%	100%
Ratnagiri Wind Power Projects Private Limited	100%	100%
Greenko Rayala Wind Power Private Limited	100%	100%
Rithwik Energy Generation Private Limited	100%	100%
Sai Spurthi Power Private Limited	100%	100%
Greenko Sri Sai Krishna Hydro Energies Private Limited	100%	100%
Greenko Tarela Power Private Limited	100%	100%
Greenko Tejassarnika Hydro Energies Private Limited	100%	100%
Jed Solar Park Private Limited*	100%	-
Poly Solar Park Private Limited*	100%	-
RT Renewable Energy India Private Limited*	100%	-
SEI Adhavan Power Private Limited*	100%	-
SEI Aditi Power Private Limited*	100%	-
SEI Adityashakti Private Limited*	100%	-
SEI Bheem Private Limited*	100%	-
SEI Diamond Private Limited*	100%	-
SEI Kathiravan Power Private Limited*	100%	-
SEI Phoebus Private Limited*	100%	-
SEI Sriram Power Private Limited*	100%	-
SEI Suryashakti Power Private Limited*	100%	-
SEI Venus Private Limited*	100%	-
Sunborne Energy Andhra Private Limited*	100%	-

*Acquired by Greenko Group during the year ended 31 March 2017 from SunEdison group and included in Restricted Group III.

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

The combined financial statements are not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group III 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 III future performance. The combined financial statements include the operations of entities in the Restricted Group III, as if they had been managed together for the period presented.

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

The combined financial statements have been prepared on a going concern basis under the historical cost convention. All intercompany transactions and balances within the Restricted Group III have been eliminated in full. Transactions between the Restricted Group III and other entities of Greenko Group (hereinafter referred to as "the Unrestricted Group") that are eliminated in the consolidated financial statements of Greenko Group have been reinstated in these combined financial statements.

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

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

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial information are disclosed in the critical accounting estimates and judgments section (Note 7).

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

b) Business combinations by a restricted group entity

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

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

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

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

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

c) Top Down Approach

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

The Restricted Group III which was earlier controlled by Greenko Group Plc by way of equity holding in Greenko Mauritius has been acquired by Greenko Energy Holdings on 20 November 2015. An addition/adjustment has been made in the combined financial statements of previous year to reflect the effect of this acquisition by the parent during the period using the Top Down Approach. The associated goodwill, intangible assets and certain fair value adjustments recorded by parent in accordance with IFRS 3 "Business Combinations" have been allocated to the Restricted Group III entities and accordingly presented in these historical combined financial statements as if the Restricted Group III business as of the acquisition date.

During the year ended 31 March 2017, Greenko Group acquired the equity shares and cumulative convertible debentures of certain target Indian subsidiaries of Sun Edison Group. An adjustment has been made in the combined financial statements to reflect the effect of this acquisition by the parent using the Top Down Approach. The fair value adjustments recorded by parent in accordance with IFRS 3 "Business Combinations" have been allocated to the Restricted Group III entities and accordingly presented in these historical combined financial statements as if the Restricted Group III business as of the acquisition date.

Management believes that this presentation fairly reflects the financial performance of the Restricted Group III as would be seen by the users of the combined financial statements. The resultant fair value adjustments to these historical combined financials statements included as part of "Net Parent Investment". However these adjustments do not have any impact on Combined Statement of Cash Flows.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial information are disclosed in the critical accounting estimates and judgments section (Note 7).

3.2 Segment reporting

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

3.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

c) Restricted Group III entities

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

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

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

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

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

3.4 Property, plant and equipment

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

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

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

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

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

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

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

3.5 Intangible assets

a) Goodwill

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

b) Other intangibles

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

Asset category	Useful life
Licences	14 - 40 years
Power purchase agreements ("PPA")	5 - 25 years

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

3.6 Impairment of non-financial assets

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

3.7 Impairment of non-derivative financial assets

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

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

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

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

Financial assets measured at amortised cost

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

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

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

3.8 Financial assets

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

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

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

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

a) Loans and receivables

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

b) Financial assets at FVTPL

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

c) Available-for-sale financial assets

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

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

3.9 Financial liabilities

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

Financial Liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 10. The Restricted Group III does not have any financial liabilities classified or designated as FVTPL.

Other financial liabilities

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

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

De-recognition of financial liabilities

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

3.9.1 Classification as debt or equity

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

3.9.2 Equity instruments

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

3.10 Derivative financial instruments

The Restricted Group III enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts. Further details of derivative financials instruments are disclosed in note 10.

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

3.10.1 Embedded derivatives

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

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

3.10.2 Compound instruments

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

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

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

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

3.11 Inventories

a) Stores and consumables

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

b) Renewable Energy Certificates ("REC")

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

3.12 Trade and other receivables

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

3.13 Bank deposits

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

3.14 Cash and cash equivalents

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

3.15 Equity

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

3.16 Trade payables

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

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

3.17 Borrowings

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

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

3.18 Current and deferred income tax

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

Current tax

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

Deferred income tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

3.19 Employee benefits

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

a) Gratuity plan

The Gratuity Plan is a defined benefit plan that, at retirement or termination of employment, provides eligible employees with a lump sum payment, which is a function of the last drawn salary and completed years of service. The liability recognised in the statement of financial position in respect of the gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government of India securities that have terms to maturity approximating to the terms of the related gratuity liability.

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

b) State administered Provident Fund

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

3.20 Provisions

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

3.21 Revenue recognition

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

a) Sale of electricity

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

b) Sale of REC

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

c) Generation Based Incentive (GBI)

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

d) Finance income

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

3.22 Leases

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

3.23 Borrowing costs

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

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

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

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

5. Recent Accounting Pronouncements

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

IFRS 9- Financial instruments

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

IFRS 15 – Revenue from Contracts with Customers.

IFRS 15 supersedes all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations). IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Enhanced disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates.

The standard allows for two methods of adoption: the full retrospective adoption, which requires the standard to be applied to each prior period presented, or the modified retrospective adoption, which requires the cumulative effect of adoption to be recognised as an adjustment to opening retained earnings in the period of adoption. The standard is effective for periods beginning on or after January 1, 2018. Early adoption is permitted.

Restricted Group III does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented.

According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, contract modifications, and contract costs) and improve guidance for multiple-element arrangements. Restricted Group III is currently assessing the impact of adopting IFRS 15 on its consolidated financial statements and related disclosures.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. Restricted Group III is currently assessing the impact of adopting IFRS 16 on the combined financial statements.

IFRIC 22- Foreign currency transactions and Advance consideration

On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board issued IFRIC 22, Foreign currency transactions and Advance consideration which clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. Restricted Group III is currently assessing the impact of IFRIC 22 on its combined financial statements.

Amendments to IAS 7- Statement of cash flows

In January 2016, the International Accounting Standards Board issued the amendments to IAS 7, requiring the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effective date for adoption of the amendments to IAS 7 is annual reporting periods beginning on or after January 1, 2017, though early adoption is permitted. Restricted Group III is assessing the disclosure requirements of the amendment and the effect on its combined financial statements.

IFRIC 23, Uncertainty over Income Tax treatments

On June 7, 2016, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation applies for annual periods beginning on or after 01 January 2019 with early adoption permitted.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

6. Financial risk management

6.1 Financial risk factors

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

6.1.1 Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated into (i) foreign exchange risk and (ii) interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Restricted Group III are conducted in functional currency of its subsidiaries The restricted entities having INR has functional currency has no significant transactions in currency other than INR. The group's foreign exchange risk arises from debt investments made in Indian operations which is mitigated through use of derivative financial instruments.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Restricted Group III has no significant interest-bearing assets other than investment in bank deposits, the Restricted Group III's income and operating cash flows are substantially independent of changes in market interest rates. The Restricted Group III considers the impact of fair value interest rate risk on investment in bank deposits are not material as majority of the non-current bank deposits do not carry any interest. A significant portion of the Restricted Group III's borrowing carry fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Restricted Group III. A significant portion the Group's borrowing carries fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Group. The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

A reasonably possible change of variable interest rates on borrowings by 50 basis points higher or lower with all other variables held constant, post-tax profit/loss for the period would have been lower or higher by US$769,436 mainly as a result of the higher or lower interest expense on variable rate borrowings. The sensitivity analysis is based on a reasonably possible change in the market interest rates computed from historical data.

6.1.2 Credit risk

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

(All amounts in US Dollar unless otherwise stated)

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

6.1.3 Liquidity risk

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

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

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

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

At 31 March 2017	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	883,018,063	13,320,914	14,562,130	623,936,543	245,385,504	897,205,091
- Interest	-	82,276,971	80,552,852	120,266,525	162,022,723	445,119,071
Trade and other payables	41,562,153	41,562,153	-	-	-	41,562,153
Borrowings from unrestricted group	121,184,619	121,184,619	-	-	-	121,184,619
Total	**1,045,764,835**	**258,344,657**	**95,114,982**	**744,203,068**	**407,408,227**	**1,505,070,934**

At 31 March 2016	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	571,370,713	1,428,161	1,507,613	550,000,000	452,284	553,388,058
- Interest	-	44,226,911	44,146,248	66,251,018	663,535	155,287,712
Trade and other payables	23,505,278	23,505,278	-	-	-	23,505,278
Borrowings from unrestricted group	12,878,444	12,878,444	-	-	-	12,878,444
Total	**607,754,435**	**82,038,794**	**45,653,861**	**616,251,018**	**1,115,819**	**745,059,492**

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

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

6.1.4 Fair value estimation

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

7. Critical accounting judgements and key sources of estimating uncertainty

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

7.1 Critical judgments in applying the accounting policies

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

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

b) Application of lease accounting rules

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

c) Application of interpretation for service concession arrangements

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

d) Assessment of long-term receivables from foreign operations

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

e) Going Concern

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

7.2 Key sources of estimating uncertainty

a) Fair value estimation

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

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

b) Income taxes

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

c) Contingencies

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

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

d) Estimated impairment of goodwill

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

e) Useful life of depreciable assets

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

(All amounts in US Dollar unless otherwise stated)

8. Intangible assets and goodwill

	Licences	Electricity PPAs	Goodwill	Total
Cost				
At 1 January 2015	10,721,617	489,499	3,348,081	14,559,197
Adjustments {Refer Note 3.1 (c)}	26,523,852	3,510,292	130,550,319	160,584,463
Exchange differences	(580,892)	(34,840)	(623,794)	(1,239,526)
At 31 March 2016	36,664,577	3,964,951	133,274,606	173,904,134
Additions through acquisition {Refer Note 3.1 (c)}	2,145,775	30,518,580	-	32,664,355
Exchange differences	902,769	947,742	3,062,603	4,913,114
At 31 March 2017	**39,713,121**	**35,431,273**	**136,337,209**	**211,481,603**
Accumulated amortisation				
At 1 January 2015	456,882	269,225	-	726,107
Adjustments {Refer Note 3.1 (c)}	(682,123)	(341,255)	-	(1,023,378)
Charge for the period	693,608	368,612	-	1,062,220
Exchange differences	(20,111)	(9,802)	-	(29,913)
At 31 March 2016	448,256	286,780	-	735,036
Charge for the period	1,273,471	1,234,094	-	2,507,565
Exchange differences	49,104	43,380	-	92,484
At 31 March 2017	**1,770,831**	**1,564,254**	**-**	**3,335,085**
Net book value				
At 31 March 2017	**37,942,290**	**33,867,019**	**136,337,209**	**208,146,518**
At 31 March 2016	36,216,321	3,678,171	133,274,606	173,169,098

Amortisation is included under 'Depreciation and amortisation' in the statement of profit or loss. The average remaining amortisation period for licences is 26.12 years and for electricity PPA is 21.44 years.

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

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

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

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

c) **Discount Rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 13.2% to 14.8%.

(All amounts in US Dollar unless otherwise stated)

9. Property, plant and equipment

	Land (including rights)	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Capital work-in-progress	Total
Cost							
At 1 January 2015	10,654,011	117,702,617	522,574,735	1,161,146	1,173,190	50,250,621	703,516,320
Adjustments {Refer Note 3.1 (c)}	3,343,368	7,131,286	52,520,065	(546,804)	(459,468)	-	61,988,447
Additions	1,633,849	6,454,119	43,407,500	231,870	14,936	4,424,435	56,166,709
Disposals/Capitalisation	-	-	-	-	-	(47,740,020)	(47,740,020)
Exchange differences	(531,155)	(5,496,232)	(24,794,300)	(55,818)	(51,739)	(1,286,678)	(32,215,922)
At 31 March 2016	**15,100,073**	**125,791,790**	**593,708,000**	**790,394**	**676,919**	**5,648,358**	**741,715,534**
Additions through acquisition {Refer Note 3.1 (c)}	8,533,974	3,188,916	169,521,492	222,838	109,101	85,319,555	266,895,876
Disposals/Capitalisation	-	(661,322)	(399,007)	-	(11,750)	(177,959,567)	(179,031,646)
Additions	17,211,999	22,317,537	324,775,146	-	-	99,700,165	464,004,847
Exchange differences	1,090,719	3,594,268	27,923,785	24,967	18,528	99,370	32,751,637
At 31 March 2017	**41,936,765**	**154,231,189**	**1,115,529,416**	**1,038,199**	**792,798**	**12,807,881**	**1,326,336,248**
Accumulated depreciation							
At 1 January 2015	-	11,502,461	23,070,250	365,437	422,291	-	35,360,439
Adjustments {Refer Note 3.1 (c)}	-	(14,903,921)	(39,665,919)	(423,668)	(496,721)	-	(55,490,229)
Charge for the period	-	5,668,956	26,861,352	201,408	161,350	-	32,893,066
Exchange differences	-	(577,713)	(1,489,755)	(18,982)	(20,760)	-	(2,107,210)
At 31 March 2016	**-**	**1,689,783**	**8,775,928**	**124,195**	**66,160**	**-**	**10,656,066**
Charge for the period	-	3,987,991	30,201,045	197,693	118,733	-	34,505,462
Deletions	-	(3,121)	-	-	(1,904)	-	(5,025)
Exchange differences	-	159,844	1,113,982	8,969	5,156	-	1,287,951
At 31 March 2017	**-**	**5,834,497**	**40,090,955**	**330,857**	**188,145**	**-**	**46,444,454**
Net book value							
At 31 March 2017	**41,936,765**	**148,396,692**	**1,075,438,461**	**707,342**	**604,653**	**12,807,881**	**1,279,891,794**
At 31 March 2016	15,100,073	124,102,007	584,932,072	666,199	610,759	5,648,358	731,059,468

During the period, the Restricted Group III has capitalised borrowing costs amounting to US$6,451,834 (31 March 2016: US$ 412,420) on qualifying assets during construction.

(All amounts in US Dollar unless otherwise stated)

10. Financial assets and liabilities

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

31 March 2017

	Loans and receivables	Available for-sale	Total
Financial assets			
Non-current			
Bank deposits (note 15)	26,002,542	-	26,002,542
Trade and other receivables (note 12)	1,788,173	-	1,788,173
Current			
Available-for-sale financial assets (note 11)	-	987,960	987,960
Bank deposits (note 15)	53,034,576	-	53,034,576
Trade and other receivables (note 12)	74,514,518	-	74,514,518
Cash and cash equivalents (note 14)	21,990,641	-	21,990,641
Total	**177,330,450**	**987,960**	**178,318,410**

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 17)	869,697,148
Current	
Borrowings (note 17)	13,320,915
Trade and other payables (note 16)	41,562,153
Borrowings from unrestricted group (note 25)	121,184,619
Total	**1,045,764,835**

31 March 2016

	Loans and receivables	Financial assets at FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	23,520,671	-	23,520,671
Trade and other receivables (note 12)	349,218	-	349,218
Other financial assets	-	3,950,420	3,950,420
Current			
Bank deposits (note 15)	637,182	-	637,182
Trade and other receivables (note 12)	37,866,695	-	37,866,695
Cash and cash equivalents (note 14)	46,530,039	-	46,530,039
Total	**108,903,805**	**3,950,420**	**112,854,225**

	Liabilities measured at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 17)	569,942,552
Current	
Borrowings (note 17)	1,428,161
Trade and other payables (note 16)	23,505,278
Borrowings from unrestricted group (note 25)	12,878,444
Total	**607,754,435**

(All amounts in US Dollar unless otherwise stated)

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

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

Fair value hierarchy

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

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

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

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

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

31 March 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial asset	987,960	-	-	987,960

31 March 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	-	3,950,420	-	3,950,420

Measurement of fair value of financial instruments

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

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

Other financial assets (Level 2)

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

11. Available for-sale financial assets

	31 March 2017	31 March 2016
Beginning of the period	-	-
Additions	900,090	-
Dividend reinvestment	42,485	-
Unrealised profit considered to equity	3,401	-
Effect of exchange difference	41,984	-
End of the period	**987,960**	**-**
Less: Non-current portion	-	-
Current portion	**987,960**	**-**

(All amounts in US Dollar unless otherwise stated)

12. Trade and other receivables

	31 March 2017	31 March 2016
Trade receivables	61,296,010	28,777,027
Other receivables	12,934,225	9,075,712
Sundry deposits	2,072,456	363,174
Total trade and other receivables	**76,302,691**	**38,215,913**
Less: Non-current portion	(1,788,173)	(349,218)
Current portion	**74,514,518**	**37,866,695**

Other receivables include advances against expenses and other advances recoverable.

Trade receivables include unbilled revenue of US$17,018,148 (31 March 2016: US$7,701,358) and not past due US$15,761,411 (31 March 2016: 9,802,847).

With the exception of the non-current portion of trade and other receivables all amounts are short-term and their carrying values are considered a reasonable approximation of fair values. Trade receivables that are due for more than one month are considered past due. As at 31 March 2017, trade receivables of US$28,516,451 (31 March 2016: US$11,272,822) were past due but not impaired.

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

	31 March 2017	31 March 2016
1 to 6 months	16,646,535	6,480,983
6 to 9 months	6,352,632	778,190
9 to 12 months	1,107,922	24,165
Beyond 12 months	4,409,362	3,989,484
	28,516,451	**11,272,822**

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

13. Inventories

	31 March 2017	31 March 2016
Stores and consumables	1,790,384	1,516,761
Emission reductions	-	-
Renewable energy certificates	1,154,669	1,344,486
	2,945,053	**2,861,247**

14. Cash and cash equivalents

	31 March 2017	31 March 2016
Cash on hand	140,671	317,985
Cash at bank	21,849,970	46,212,054
	21,990,641	**46,530,039**

Cash at bank includes US$10,012,718 (31 March 2016: US$7,072,742) in currencies other than INR (i.e., in US$ and EURO).

15. Bank deposits

The Restricted Group III holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months amounting to US$53,034,576 (31 March 2016: US$ 637,182) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from reporting date amounting to US$26,002,542 (31 March 2016: US$ 23,520,671) are disclosed under non-current assets. Bank deposits aggregating to US$ 27,840,647 (31 March 2016: US$24,157,853) are restricted.

Bank deposits includes US$ 22,004,747 (31 March 2016: US$22,001,600) in currencies other than INR (i.e., in US$).

(All amounts in US Dollar unless otherwise stated)

16. Trade and other payables

	31 March 2017	31 March 2016
Trade payables	6,404,013	1,865,818
Capital creditors	13,913,674	5,917,455
Interest accrued but not due on borrowings	9,278,464	7,333,333
Other payables	11,966,002	8,388,672
Total	**41,562,153**	**23,505,278**

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

17. Borrowings

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

	31 March 2017	31 March 2016
Non-current – Financial liabilities measured at amortised cost		
Bank Borrowings (Note 17.2)	61,977,176	1,507,613
Term loans from financial institutions (Note 17.2)	191,608,610	452,284
Senior Notes (Note 17.1)	565,525,304	567,982,655
Non-Convertible Debentures (Note 17.3)	50,586,058	-
	869,697,148	**569,942,552**
Current – Financial liabilities measured at amortised cost		
Bank Borrowings (Note 17.2)	3,050,201	-
Term loans from financial institutions (Note 17.2)	10,270,714	1,406,603
Equipment and vehicle loans	-	21,558
	13,320,915	**1,428,161**
Total borrowings	**883,018,063**	**571,370,713**

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

17.2 Borrowings from banks and financial institutions mature over the financial years 2018 to 2033 and bear floating rates of interest in the range of 11.00% to 13.50%. The fair value of borrowings from bank and financial institutions approximates their carrying value as these borrowings carry a floating rate of interest.

Borrowings from banks and financial institutions are secured against first charge by way of hypothecation of all immovable properties including plant and machinery and all other movable properties both present and future of respective subsidiary. Some of the loans are also secured by way of corporate guarantee from unrestricted group entities and pledge of shares of subsidiaries. Working capital loans are secured by inventory and trade receivables.

17.3 SEI Diamond Private Limited and SEI Venus Private Limited raised funds to the tune of INR 1,640,000,000 each from Greenko Solar (Mauritius) Limited, an unrestricted Group entity, by issuing 13.5% Non-Convertible Debentures and due for payment after twelve years from the date of issuance. The INR NCDs are secured by pledge of the assets of respective entities through an Indian trustee.

17.4 The borrowings are also secured by lien on bank deposits amounting to US$22,004,747 (31 March 2016: US$22,001,600).

(All amounts in US Dollar unless otherwise stated)

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

	31 March 2017		31 March 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank Borrowings	65,027,377	65,027,377	1,507,613	1,507,613
Term loans from financial institutions and others	201,879,324	201,879,324	1,858,887	1,858,887
Senior Notes	565,525,304	565,525,304	567,982,655	567,982,655
Borrowings from unrestricted group	50,586,058	50,586,058	-	-
Vehicle loans	-	-	21,558	21,558

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

	31 March 2017	31 March 2016
Indian rupee ("INR")	317,492,759	3,388,058
US Dollar ("US $")	565,525,304	567,982,655
	883,018,063	**571,370,713**

18. Deferred income tax liabilities

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

	31 March 2017	31 March 2016
Deferred income tax liabilities		
— to be recovered beyond 12 months from reporting date	77,387,747	53,588,262
— to be recovered within 12 months	-	-
	77,387,747	**53,588,262**

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

	Tangible assets	Intangible assets	Others	Total
At 1 January 2015	9,359,661	2,061,281	(122,543)	11,298,399
Adjustments {Refer note 3.1 (c)}	65,258,147	11,064,096	(28,619,869)	47,702,374
Recognised in profit or loss	7,447,683	(204,277)	(3,480,000)	3,763,406
Exchange difference	(15,333,244)	269,216	5,888,111	(9,175,917)
At 31 March 2016	**66,732,247**	**13,190,316**	**(26,334,301)**	**53,588,262**
Additions through acquisition {Refer note 3.1 (c)}	14,575,313	10,799,815	-	25,375,128
Recognised in profit or loss	(757,030)	(3,996,499)	1,244,678	(3,508,851)
Exchange difference	1,920,197	502,682	(489,671)	1,933,208
At 31 March 2017	**82,470,727**	**20,496,314**	**(25,579,294)**	**77,387,747**

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

Greenko Dutch is subject to Netherland corporate tax at the standard rate of 25%, whereas the Indian entities this was in the range of 25.75% to 33.06%.

19. Revenue

	31 March 2017	31 March 2016
Sale of power	126,371,896	117,310,696
Sale of renewable energy certificates	1,807,425	1,598,040
Generation based incentive	4,863,054	4,423,977
	133,042,375	**123,332,713**

(All amounts in US Dollar unless otherwise stated)

20. Retirement benefit obligations

The Restricted Group III has an obligation towards defined benefit plans towards gratuity and defined contribution plans of US$283,940 (31 March 2016: US$224,549) and US$ 163,224 (31 March 2016: US$146,082) respectively as of 31 March 2017.

The Restricted Group III makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Restricted Group III expects to contribute US$72,095 towards the gratuity plan in the year ending 31 March 2018.

21. Employee benefit expense

	31 March 2017	31 March 2016
Salaries and wages	4,407,531	5,413,352
Employee welfare expenses	258,831	360,830
Retirement benefits—defined contribution plans	196,980	252,121
Retirement benefits—defined benefit plans		
-Gratuity	89,466	84,070
-Compensated absences	31,073	65,973
	4,983,881	**6,176,346**

22. Finance income and costs

	31 March 2017	31 March 2016
Finance income		
Interest on bank deposits and others	2,675,179	1,606,911
	2,675,179	**1,606,911**
Finance cost		
Interest on borrowings	64,163,160	67,111,201
Bank charges	40,741	24,884
	64,203,901	**67,136,085**

23. Income tax expense

	31 March 2017	31 March 2016
Current tax	4,243,740	5,299,928
Deferred tax (note 18)	(3,508,851)	3,763,406
	734,889	**9,063,334**

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

	31 March 2017	31 March 2016
Profit/(Loss) before income tax	10,598,431	(1,899,007)
Tax rate applicable for restricted entities in India	33.063%	34.608%
Expected tax expense	3,504,159	(657,208)
Adjustment for tax differences on account of tax holiday period and exempted tax rates	(2,769,270)	9,720,542
Tax charge	**734,889**	**9,063,334**

The tax rates used in computing the weighted average tax rate is the substantively enacted tax rate. In respect of the Restricted Group III this was 25.75% to 33.06% (31 March 2016: 34.608%)

The Restricted Group III engaged in power generation currently benefit from a tax holiday from the standard Indian corporate taxation for the period ended 31 March 2017. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these entities are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 20.39% (31 March 2016: 21.34%).

24. Commitments and contingencies

a) Few of the Restricted Group III's power generating units in India have various income tax disputes with the tax authorities. The Restricted Group III has appealed against the orders of the income tax officer/authority at appropriate levels. The Restricted Group III has been successful in obtaining favourable orders in few cases. The tax authorities have appealed against these orders. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US$1,570,911 (31 March 2016: US$806,399).

b) In December 2010, Sai Spurthi Power Private Limited (SSPPL), an entity acquired by the Greenko Group in March 2010, received a letter from a bank informing SSPPL that three corporate guarantees aggregating to US$7,284,278 (31 March 2016: US$7,120,648) were given by SSPPL in respect of loans availed by Sagar Power (Neerukatte) Limited, a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile management, the management believes that only one corporate guarantee of US$683,084 (31 March 2016: US$667,740) was provided to the bank. The management is confident that the contingent liability of SSPPL under the corporate guarantees issued will not exceed US$683,084 (31 March 2016: US$667,740). Further, as per the terms of the share purchase agreement with the promoters/erstwhile seller-shareholders of SSPPL, the promoters/erstwhile seller-shareholders of SSPPL are required to have the corporate guarantee(s) released without any liability to SSPPL or the Greenko Group.

During 2012-13, SSPL received a communication from Indian Renewable Energy Development Agency (IREDA) informing that SSPL had given a corporate guarantee of US$1,167,664 (31 March 2016: 1,141,434) for the credit facilities availed by Bhadragiri Power Private Limited a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile Managing Director, SSPL came to an opinion that the said corporate guarantee was not executed on behalf of SSPL and hence SSPL is not responsible for any liability under those documents. This is a matter of dispute which needs to be finally settled. The promoters/erstwhile seller-shareholders are responsible and obligated to the Greenko Group to settle this.

c) Prior to acquisition by the Restricted Group III, Greenko Budhil had received demand notices aggregating to US$11,955,974 (31 March 2016: US$6,712,277) from various government authorities in relation to duty drawback, construction cess, entry tax and common costs for transmission lines. Greenko Budhil has contested these demands at various levels. Pending disposal of these matters, in view of the management no provision is required to be made in the books of account. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to Restricted Group III to settle these disputes.

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

e) Him Kailash Hydro Power Private Limited (HKHPPL) has given corporate guarantee in respect of a term loan of US$2,236,273 (31 March 2016: US$2,186,039) sanctioned to Madhava Vasistha Hydro Power Private Limited, a company owned by erstwhile owners of HKHPPL. Pursuant to the terms of share purchase agreement with erstwhile owners of HKHPPL, erstwhile owners of HKHPPL are required to get the corporate guarantee released without any liability to HKHPPL or Restricted Group III.

(All amounts in US Dollar unless otherwise stated)

25. Related-party transactions

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

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

	31 March 2017	31 March 2016
Investment received in equity capital	181,486,917	-
Loans given	21,342,957	-
Loans taken	129,649,132	9,841,039
Project management fee incurred	538,245	458,713

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

	31 March 2017	31 March 2016
Balance payable	(159,421,653)	(29,772,521)
Balance receivable	38,237,034	16,894,077
Net Payable	**(121,184,619)**	**(12,878,444)**

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

d. Unrestricted group entities have given corporate guarantees in respect of loans availed by certain Restricted Group III entities from banks and financial institutions.

26. Segment reporting

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

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

Revenues from four major customers relating to power generating activities represent US$73,635,291 (31 March 2016: US$71,673,813) of the total revenue.