

# Walker Chandiok & Co LLP

**Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
Arihant Nitco Park, 6th Floor  
No. 90, Dr. Radhakrishnan Salai  
Mylapore, Chennai 600004  
India

## Independent Auditor's Report

T +91 44 4294 0000  
F +91 44 4294 0044

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

We have audited the accompanying combined financial statements of Greenko Dutch B.V. ("the Company"), a wholly owned subsidiary of Greenko Group plc ("the Ultimate Parent"), and certain entities under common control of the Ultimate Parent, as listed in note 3.1 to the combined financial statements (collectively "Greenko Dutch B.V. (the Restricted Group)") for the period ended 31 December 2014 which comprise the Combined Statement of Financial Position, Combined Statement of Profit or Loss, Combined Statement of Comprehensive Income, Combined Statement of Changes in Equity, Combined Statement of Cash Flows, and the related notes to the combined financial statements. The combined financial statements have been prepared by management of the Company solely for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes as described in note 2 to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation of these combined financial statements in accordance with International Financial Reporting Standards as adopted by European Union, as modified by commonly used carve-out principles, in accordance with the indenture governing the Senior Notes and as described in note 3.1 to the combined financial statements, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements.



The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 the entity's 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 financial statements.

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

## Opinion

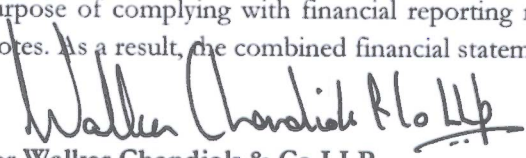
In our opinion, the combined financial statements of Greenko Dutch B.V. (the Restricted Group) for the period ended 31 December 2014 are prepared, in all material respects, in accordance with International Financial Reporting Standards as endorsed by the European Union, as modified by commonly used carve-out principles, in accordance with the indenture governing the Senior Notes and as described in note 3.1 to the combined financial statements.

## Emphasis of Matter

We draw attention to the fact that, as described in note 3.1 to the combined financial statements, the Company has not formed a separate legal group of entities comprising the Greenko Dutch B.V. (the Restricted Group) during the period ended 31 December 2014 and years ended 31 March 2014 and 31 March 2013. The combined financial statements are, therefore, not necessarily indicative of the financial performances, financial position and cash flows of the Greenko Dutch B.V. (the Restricted Group) that would have occurred if it had operated as a separate stand-alone group of entities during the period/years presented nor of the Greenko Dutch B.V. (the Restricted Group)'s future performance. Our opinion is not qualified in respect of this matter.

## Basis of Accounting and Restriction on Use

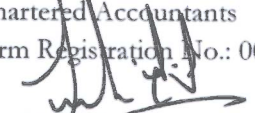
We draw attention to note 3.1 to the combined financial statements, which describes the basis of accounting. These special purpose combined financial statements have been prepared solely for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. As a result, the combined financial statements may not be suitable for another purpose.

  
For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N/N500013

  
per Sumesh E'S

Partner

Membership No.: 206931

Place: Chennai

Date: 30 April 2015



# Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollars unless otherwise stated)

## Combined statement of financial position

|                                                | Notes | 31 December 2014   | 31 March 2014<br>(Restated) | 1 April 2013<br>(Restated) |
|------------------------------------------------|-------|--------------------|-----------------------------|----------------------------|
| <b>Assets</b>                                  |       |                    |                             |                            |
| <b>Non-current assets</b>                      |       |                    |                             |                            |
| Intangible assets                              | 8     | 13,833,090         | 9,021,165                   | 10,242,747                 |
| Property, plant and equipment                  | 9     | 668,155,881        | 541,239,490                 | 333,125,931                |
| Investment in subsidiaries and associates      |       | -                  | -                           | 7,236,478                  |
| Bank deposits                                  | 14    | 22,104,711         | 8,248,329                   | 1,428,884                  |
| Trade and other receivables                    | 11    | 1,218,906          | 2,350,476                   | 1,251,770                  |
| Other non-current financial assets             | 10    | 2,769,369          | -                           | -                          |
|                                                |       | <b>708,081,957</b> | <b>560,859,460</b>          | <b>353,285,810</b>         |
| <b>Current assets</b>                          |       |                    |                             |                            |
| Inventories                                    | 12    | 5,343,015          | 4,685,275                   | 3,256,380                  |
| Trade and other receivables                    | 11    | 37,128,726         | 26,255,587                  | 15,691,002                 |
| Investment in subsidiaries and associates      |       | -                  | 6,550,617                   | -                          |
| Bank deposits                                  | 14    | 4,699,326          | 1,724,536                   | 4,988,836                  |
| Current tax assets                             |       | -                  | -                           | 254,935                    |
| Loans to unrestricted entities                 |       | -                  | -                           | 2,523,834                  |
| Cash and cash equivalents                      | 13    | 65,568,340         | 9,629,675                   | 6,172,892                  |
|                                                |       | <b>112,739,407</b> | <b>48,845,690</b>           | <b>32,887,879</b>          |
| <b>Total assets</b>                            |       | <b>820,821,364</b> | <b>609,705,150</b>          | <b>386,173,689</b>         |
| <b>Equity and liabilities</b>                  |       |                    |                             |                            |
| <b>Equity</b>                                  |       |                    |                             |                            |
| Invested equity                                |       | 196,487,979        | 185,897,025                 | 112,716,777                |
| Currency translation reserve                   |       | (45,468,546)       | (13,355,690)                | (9,320,076)                |
| Other reserves                                 |       | 1,068,671          | 584,688                     | 584,688                    |
| Retained earnings                              |       | 47,254,921         | 14,299,263                  | 8,469,835                  |
| <b>Total equity attributable to the Parent</b> |       | <b>199,343,025</b> | <b>187,425,286</b>          | <b>112,451,224</b>         |
| Non-controlling interests                      |       | 500,909            | 96,926                      | -                          |
| <b>Total equity</b>                            |       | <b>199,843,934</b> | <b>187,522,212</b>          | <b>112,451,224</b>         |
| <b>Liabilities</b>                             |       |                    |                             |                            |
| <b>Non-current liabilities</b>                 |       |                    |                             |                            |
| Retirement benefit obligations                 | 21    | 282,040            | 163,487                     | 190,838                    |
| Borrowings                                     | 17    | 529,224,971        | 276,039,687                 | 156,989,084                |
| Deferred tax liabilities                       | 18    | 11,298,399         | 6,631,661                   | 5,925,456                  |
|                                                |       | <b>540,805,410</b> | <b>282,834,835</b>          | <b>163,105,378</b>         |
| <b>Current liabilities</b>                     |       |                    |                             |                            |
| Trade and other payables                       | 16    | 47,204,566         | 37,454,962                  | 26,299,063                 |
| Current tax liabilities                        |       | 1,496,614          | 583,221                     | -                          |
| Borrowings                                     | 17    | 8,751,357          | 16,759,593                  | 18,073,039                 |
| Borrowings from unrestricted entities          |       | 22,719,483         | 84,550,327                  | 66,244,985                 |
|                                                |       | <b>80,172,020</b>  | <b>139,348,103</b>          | <b>110,617,087</b>         |
| <b>Total liabilities</b>                       |       | <b>620,977,430</b> | <b>422,182,938</b>          | <b>273,722,465</b>         |
| <b>Total equity and liabilities</b>            |       | <b>820,821,364</b> | <b>609,705,150</b>          | <b>386,173,689</b>         |

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

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

|                                                                                                           | <b>Notes</b> | <b>31 December 2014</b> | <b>31 March 2014<br/>(Restated)</b> |
|-----------------------------------------------------------------------------------------------------------|--------------|-------------------------|-------------------------------------|
| Revenue                                                                                                   | 19           | <b>90,359,933</b>       | 45,756,603                          |
| Other income                                                                                              | 20           | <b>5,109,165</b>        | 297,497                             |
| Power generation expenses                                                                                 |              | <b>(3,128,438)</b>      | (1,311,168)                         |
| Employee benefits expense                                                                                 | 22           | <b>(2,919,675)</b>      | (2,441,422)                         |
| Other operating expenses                                                                                  |              | <b>(3,937,345)</b>      | (2,937,790)                         |
| Excess of Restricted Group's interest in the fair value of<br>acquiree's assets and liabilities over cost | 27           | <b>2,036,236</b>        | -                                   |
| <b>Earnings before interest, taxes, depreciation, and<br/>amortization (EBITDA)</b>                       |              | <b>87,519,876</b>       | 39,363,720                          |
| Depreciation and amortization                                                                             | 8 & 9        | <b>(16,525,355)</b>     | (10,628,620)                        |
| <b>Operating profit before exceptional items</b>                                                          |              | <b>70,994,521</b>       | 28,735,100                          |
| Exceptional items (net)                                                                                   | 24           | <b>6,177,759</b>        | -                                   |
| <b>Operating profit</b>                                                                                   |              | <b>77,172,280</b>       | 28,735,100                          |
| Finance income                                                                                            | 23           | <b>1,286,878</b>        | 907,913                             |
| Finance cost                                                                                              | 23           | <b>(34,746,059)</b>     | (21,366,688)                        |
| <b>Profit before tax</b>                                                                                  |              | <b>43,713,099</b>       | 8,276,325                           |
| Income tax expense                                                                                        | 25           | <b>(8,634,194)</b>      | (2,445,270)                         |
| <b>Profit for the period / year</b>                                                                       |              | <b>35,078,905</b>       | 5,831,055                           |
| <b>Attributable to:</b>                                                                                   |              |                         |                                     |
| Equity holders of the Restricted Group                                                                    |              | <b>34,674,922</b>       | 5,819,278                           |
| Non-controlling interests                                                                                 |              | <b>403,983</b>          | 11,777                              |
|                                                                                                           |              | <b>35,078,905</b>       | 5,831,055                           |

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

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

|                                                                       | <b>31 December 2014</b> | <b>31 March 2014<br/>(Restated)</b> |
|-----------------------------------------------------------------------|-------------------------|-------------------------------------|
| Profit for the period/year                                            | <b>35,078,905</b>       | 5,831,055                           |
| <b>Other comprehensive income</b>                                     |                         |                                     |
| <b>Items that will be reclassified subsequently to profit or loss</b> |                         |                                     |
| Exchange differences on translating foreign operations                | <b>(32,112,856)</b>     | (4,035,614)                         |
| <b>Total other comprehensive income</b>                               | <b>(32,112,856)</b>     | (4,035,614)                         |
| <b>Total comprehensive income</b>                                     | <b>2,966,049</b>        | 1,795,441                           |
| <b>Total comprehensive income attributable to:</b>                    |                         |                                     |
| Equity holders of the Restricted Group                                | <b>2,562,066</b>        | 1,783,664                           |
| Non-controlling interest                                              | <b>403,983</b>          | 11,777                              |
|                                                                       | <b>2,966,049</b>        | 1,795,441                           |

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

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

(All amounts in US Dollars unless otherwise stated)

**Combined statement of changes in equity**

|                                                        | Invested equity    | Currency translation reserve | Other reserves   | Retained earnings  | Total equity attributable to the Parent | Non-controlling interests | Total equity        |
|--------------------------------------------------------|--------------------|------------------------------|------------------|--------------------|-----------------------------------------|---------------------------|---------------------|
| <b>At 1 April 2013 (Restated)</b>                      | 112,716,777        | (9,320,076)                  | 584,688          | 8,469,835          | 112,451,224                             | -                         | 112,451,224         |
| Transactions with the Unrestricted Group (note 3.1)    | 73,180,248         | -                            | -                | 10,150             | 73,190,398                              | -                         | 73,190,398          |
| Proceeds from non-controlling interests                | -                  | -                            | -                | -                  | -                                       | 85,149                    | 85,149              |
| Transaction with owners                                | 73,180,248         | -                            | -                | 10,150             | 73,190,398                              | 85,149                    | 73,275,547          |
| Profit for the year                                    | -                  | -                            | -                | 5,819,278          | 5,819,278                               | 11,777                    | 5,831,055           |
| <b>Other comprehensive income</b>                      |                    |                              |                  |                    |                                         |                           |                     |
| Exchange differences on translating foreign operations | -                  | (4,035,614)                  | -                | -                  | (4,035,614)                             | -                         | (4,035,614)         |
| <b>At 31 March 2014 (Restated)</b>                     | 185,897,025        | (13,355,690)                 | 584,688          | 14,299,263         | 187,425,286                             | 96,926                    | 187,522,212         |
| Transactions with the Unrestricted Group (note 3.1)    | <b>10,590,954</b>  | -                            | -                | <b>(1,719,264)</b> | <b>8,871,690</b>                        | -                         | <b>8,871,690</b>    |
| Government grants                                      | -                  | -                            | <b>483,983</b>   | -                  | <b>483,983</b>                          | -                         | <b>483,983</b>      |
| Transaction with owners                                | <b>10,590,954</b>  | -                            | <b>483,983</b>   | <b>(1,719,264)</b> | <b>9,355,673</b>                        | -                         | <b>9,355,673</b>    |
| Profit for the period                                  | -                  | -                            | -                | <b>34,674,922</b>  | <b>34,674,922</b>                       | <b>403,983</b>            | <b>35,078,905</b>   |
| <b>Other comprehensive income</b>                      |                    |                              |                  |                    |                                         |                           |                     |
| Exchange differences on translating foreign operations | -                  | <b>(32,112,856)</b>          | -                | -                  | <b>(32,112,856)</b>                     | -                         | <b>(32,112,856)</b> |
| <b>At 31 December 2014</b>                             | <b>196,487,979</b> | <b>(45,468,546)</b>          | <b>1,068,671</b> | <b>47,254,921</b>  | <b>199,343,025</b>                      | <b>500,909</b>            | <b>199,843,934</b>  |

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

# Greenko Dutch B.V. (Restricted Group)

(All amounts in US Dollar unless otherwise stated)

## Combined statement of cash flow

|                                                                                                           | Note  | 31 December 2014 | 31 March 2014<br>(Restated) |
|-----------------------------------------------------------------------------------------------------------|-------|------------------|-----------------------------|
| <b>A. Cash flows from operating activities</b>                                                            |       |                  |                             |
| Profit before income tax                                                                                  |       | 43,713,099       | 8,276,325                   |
| <i>Adjustments for</i>                                                                                    |       |                  |                             |
| Depreciation and amortization                                                                             | 8 & 9 | 16,525,355       | 10,628,620                  |
| Loss on sale of assets                                                                                    |       | -                | 9,802                       |
| Other income                                                                                              |       | (5,109,165)      | -                           |
| Exceptional items                                                                                         |       | (6,177,759)      | -                           |
| Finance income                                                                                            |       | (1,286,878)      | (907,913)                   |
| Finance cost                                                                                              |       | 34,746,059       | 21,366,688                  |
| Excess of Restricted Group's interest in the fair value of<br>acquiree's assets and liabilities over cost | 27    | (2,036,236)      | -                           |
| <i>Changes in working capital</i>                                                                         |       |                  |                             |
| Inventories                                                                                               |       | (824,478)        | (1,726,786)                 |
| Trade and other receivables                                                                               |       | (6,432,246)      | (16,503,094)                |
| Trade and other payables                                                                                  |       | (412,998)        | (2,290,870)                 |
| <i>Cash generated from operations</i>                                                                     |       | 72,704,753       | 18,852,772                  |
| Taxes paid                                                                                                |       | (1,774,214)      | (335,003)                   |
| <b>Net cash from operating activities</b>                                                                 |       | 70,930,539       | 18,517,769                  |
| <b>B. Cash flows from investing activities</b>                                                            |       |                  |                             |
| Purchase of property, plant and equipment and capital<br>expenditure                                      |       | (83,847,642)     | (218,756,375)               |
| Proceeds from sale of property, plant and equipment                                                       |       | -                | 6,281                       |
| Acquisition of business, net of cash acquired                                                             | 27    | (17,854,375)     | -                           |
| Acquisition of licence holding companies                                                                  |       | -                | (1,653)                     |
| Purchase of investments                                                                                   |       | (3,838,037)      | -                           |
| Investment in mutual funds                                                                                |       | (16,455)         | -                           |
| Advance given for purchase of equity                                                                      |       | -                | (826,446)                   |
| Payment for acquisitions relating to earlier years                                                        |       | -                | (9,627,717)                 |
| Bank deposits                                                                                             |       | 2,751,253        | (2,763,212)                 |
| Interest received                                                                                         |       | 696,047          | 1,244,679                   |
| <b>Net cash used in investing activities</b>                                                              |       | (102,109,209)    | (230,724,443)               |
| <b>C. Cash flows from financing activities</b>                                                            |       |                  |                             |
| Increase in the invested equity                                                                           | 3.1   | 13,282,373       | 73,558,678                  |
| Proceeds from non-controlling interests                                                                   |       | -                | 84,298                      |
| Borrowings from the Unrestricted Group                                                                    |       | (61,059,373)     | 32,821,178                  |
| Proceeds from borrowings (net of costs)                                                                   |       | 611,835,737      | 168,548,768                 |
| Repayment of borrowings                                                                                   |       | (446,903,669)    | (31,145,899)                |
| Interest paid                                                                                             |       | (31,555,070)     | (27,304,624)                |
| <b>Net cash from financing activities</b>                                                                 |       | 85,599,998       | 216,562,399                 |
| <b>Net increase in cash and cash equivalents</b>                                                          |       | 54,421,328       | 4,355,725                   |
| Cash and cash equivalents at the beginning of the period/year                                             | 13    | 9,629,675        | 6,179,710                   |
| Exchange gain/(loss) on cash and cash equivalents                                                         |       | 1,517,337        | (905,760)                   |
| <b>Cash and cash equivalents at the end of the period/year</b>                                            | 13    | 65,568,340       | 9,629,675                   |

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

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

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

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

### **1. General information**

Greenko Group plc ("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 generates and sells Certified Emission Reductions ("CER"), Voluntary Emission Reductions ("VER") and Renewable Energy Certificates ("REC").

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, a subsidiary of the Parent. Greenko Dutch is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India.

In August 2014, Greenko Dutch raised US\$550 million by issuing the Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Dutch invested issue proceeds, net of issue expenses and interest reserve, in Non-Convertible Debentures ("NCDs") of certain operating Indian subsidiaries of the Greenko Group to replace their existing Rupee debt. These Indian subsidiaries in which Greenko Dutch has invested the issue proceeds are individually called as a 'restricted entity' and collectively as 'the restricted entities'. These restricted entities primarily comprise the operating hydro and wind portfolio of the Greenko Group. NCDs are secured against operating assets and current assets of the respective restricted entity. Greenko Dutch and restricted entities (as listed in note 3.1) have been considered as a group for the purpose of financial reporting and is referred hereinafter as "Greenko Dutch B.V. (the Restricted Group)" or "the Restricted Group".

### **Change in fiscal year**

In line with its decision to change our reporting currency from the Euro to the US\$, thereby better enabling the Restricted Group to be viewed on par with our global peer groups, the Board has also decided to change the financial year (presently April to March) to 1 January to 31 December. As a result, the present combined financial statements are prepared for a period of nine months from 1 April 2014 to 31 December 2014. Accordingly, the comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes are not entirely comparable.

These combined financial statements were authorized for issue by the Board of Directors of Greenko Dutch on 30 April 2015.

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

The combined financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. The combined financial statements presented herein reflect the Restricted Group's results of operations, assets and liabilities and cash flows for the period/year presented. The combined financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") as endorsed by the European Union, as modified by commonly used carve-out principles, in accordance with the indenture governing the Senior Notes. The basis of preparation and significant accounting policies used in preparation of these combined financial statements are set out below.

### **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**

Greenko Dutch was not in existence for all the periods presented in these combined financial statements. Management has prepared these combined financial statements to depict the historical financial information of the Restricted Group. The inclusion of entities in the Restricted Group in these combined financial statements is not an indication of exercise of control, as defined in IAS 27 Consolidated and Separate Financial Statements, by Greenko

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

(All amounts in US Dollar unless otherwise stated)

Dutch over the Restricted Group entities. The Restricted Group entities are part of the Greenko Group and are under common control. They have no separate legal structure.

Management believes that the assumptions and estimates used in preparation of the underlying combined financial statements are reasonable. Greenko Dutch has not formed a separate legal group of entities during the period/years ended 31 December 2014, 31 March 2014 and 31 March 2013. The combined financial statements are, therefore, not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group that would have occurred if it had operated as a separate stand-alone group of entities during the period/years presented nor of the Restricted Group's future performance.

The combined financial statements as at and for the period/years ended 31 December 2014, 31 March 2014 and 31 March 2013 have been prepared on a basis that combines statements of income, statements of comprehensive income, financial position and cash flows of the legal entities and operating units comprising the Restricted Group.

The combined financial statements have been prepared in accordance with IFRS as endorsed by the European Union, as modified by commonly used carve-out principles, in accordance with the indenture governing the Senior Notes. 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 for inclusion in the offering memorandum. 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 have been eliminated in full. Transactions between the Restricted Group and other entities of Greenko Group (hereinafter referred to as "the Unrestricted Group") that are eliminated in the consolidated financial statements of Greenko have been reinstated in these combined financial statements.

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

As these combined financial statements have been prepared on a carve-out basis, it is not meaningful to show share capital or provide an analysis of reserves. Invested equity, therefore, represents the combined share capital of the Restricted Group held by the Parent duly adjusted for any differential consideration paid or received by a restricted entity under internal group restructuring. In addition, as the combined entities have no historical legal holding structure and since Greenko Dutch was not an existing legal entity during the periods presented, earnings per share as required by IAS 33, 'Earnings Per Share' have not been presented.

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 combined financial statements include the Company's financial statements combined with financial statements of following restricted entities incorporated in India:

|                                               | Ownership interest of Greenko Group as at |               |
|-----------------------------------------------|-------------------------------------------|---------------|
|                                               | 31 December 2014                          | 31 March 2014 |
| AMR Power Private Limited                     | 100%                                      | 100%          |
| Anubhav Hydel Power Private Limited           | 100%                                      | 100%          |
| Astha Projects (India) Private Limited        | 100%                                      | 100%          |
| AT Hydro Power Private Limited                | 100%                                      | 100%          |
| Cimaron Constructions Private Limited         | 100%                                      | 100%          |
| Fortune Five Hydel Projects Private Limited   | 100%                                      | 100%          |
| Hemavathy Power & Light Private Limited       | 100%                                      | 100%          |
| Him Kailash Hydro Power Private Limited       | 100%                                      | 100%          |
| Jasper Energy Private Limited                 | 100%                                      | 100%          |
| Greenko Budhil Hydro Projects Private Limited | 100%                                      | -             |

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

(All amounts in US Dollar unless otherwise stated)

|                                                | Ownership interest of Greenko Group as at |               |
|------------------------------------------------|-------------------------------------------|---------------|
|                                                | 31 December 2014                          | 31 March 2014 |
| Mangalore Energies Private Limited             | 99.13%                                    | 99.13%        |
| Matrix Power (Wind) Private Limited            | 74%                                       | 74%           |
| Rangaraju Warehousing Private Limited          | 100%                                      | 100%          |
| Ratnagiri Wind Power Projects Private Limited  | 100%                                      | 100%          |
| Rayala Wind Power Company Private Limited      | 100%                                      | 100%          |
| Rithwik Energy Generation Private Limited      | 100%                                      | 100%          |
| Sai Spurthi Power Private Limited              | 100%                                      | 100%          |
| Sri Sai Krishna Hydro Energies Private Limited | 100%                                      | 100%          |
| Tarela Power Private Limited                   | 100%                                      | 100%          |
| Tejassarnika Hydro Energies Private Limited    | 100%                                      | 100%          |

The combined financial statements include the operations of entities in the Restricted Group, as if they had been managed together for all period/years presented. The entities acquired during the financial period have been combined from the date Greenko Group acquired control.

The combined financial statements of previous year do not include the results of operations of LVS Power Private Limited, an associate of the Restricted Group, Perla Hydro Private Limited, Kumaradhara Hydro Private Limited, the subsidiaries of Hemavathy Power and Light Private Limited, and Kukke Power Private Limited, a subsidiary of Tejassarnika Hydro Energies Private Limited, as these are not part of the Restricted Group. The aforesaid entities have been treated as part of the Unrestricted Group for the purpose of preparing these combined financial statements. During the period, the management has legally restructured the aforesaid entities to move them outside the Restricted Group but within the Greenko Group.

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 doesn't alter the composition of the Restricted Group. All other adjustments including allocation of group borrowing costs and common expenses that are incurred outside the Restricted Group has not been captured in these combined financial statements.

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

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

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

Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Goodwill arising from combination represents the excess of the consideration over Restricted Group's interest in the identifiable assets, liabilities and contingent liabilities measured at fair value of a subsidiary at the date of acquisition. As discussed in earlier paragraphs, fair value adjustments on acquisition of a component by the Unrestricted Group is not accounted in the combined financial statements.

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

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

### **3.2 Segment reporting**

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

### **3.3 Foreign currency translation**

#### **a) Functional and presentation currency**

Items included in the financial statements in each of the Restricted Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). During the period, the Restricted Group has changed its presentation currency from 'Euro' to 'US Dollar' ("US\$"), which is also the functional currency of the Company and accordingly, these combined financial statements are presented in US\$. The functional currency of the Restricted Group entities in India is Indian Rupees ("INR").

#### **b) Transactions and balances**

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

#### **c) Restricted Group entities**

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

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

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.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded as other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

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.

### **3.4 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Restricted Group and the cost of the item can be measured reliably. All other 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:

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

(All amounts in US Dollar unless otherwise stated)

| Asset category                    | Useful life   |
|-----------------------------------|---------------|
| Buildings                         | 30 – 35 years |
| Plant and machinery               | 20 – 36 years |
| Furniture, fixtures and equipment | 15 – 20 years |
| Vehicles                          | 10 years      |

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.

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

### 3.5 Intangible assets

#### a) Goodwill

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

#### b) Other intangibles

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

| Asset category            | Useful life   |
|---------------------------|---------------|
| Licences                  | 20 - 40 years |
| Power purchase agreements | 4 - 10 years  |

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

### 3.6 Impairment of non-financial assets

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

### 3.7 Financial assets

The Restricted Group classifies its financial assets in the following categories: loans and receivables, financial assets at fair value through profit and loss (FVTPL) and available-for-sale. The classification is based on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition, and subsequently if there is a change in contractual terms or circumstances that warrants a change in classification.

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

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

Investment in subsidiaries and associates not comprising the Restricted Group and accordingly not combined in these financial statements, have been accounted for at cost on a 'separate financial statement' basis under IAS 27 and IAS 28.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Restricted Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Restricted Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

The fair value of the mutual fund units is based on the net asset value publicly made available by the respective mutual fund managers. The Restricted Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 3.10.

The Restricted Group derecognises financial assets when it transfers substantially all the risks and rewards of ownership of the financial asset. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in profit or loss

### **a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Restricted Group's loans and receivables comprise trade and other receivables, bank deposits and cash and cash equivalents in the statement of financial position (notes 3.10, 3.11 and 3.12). 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 this 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

### **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.

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 as 'gains and losses from investment securities'. Dividends on available-for-sale mutual fund units are recognised in the profit or loss as a part of other income.

## **3.8 Derivative financial instruments**

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

Derivatives are initially recognized 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 recognized 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.

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

### **3.8.1 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.

### **3.9 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) Emission Reductions ("ER") and Renewable Energy Certificates ("REC")**

Inventories of ER and 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. ER are generated and held for sale in the ordinary course of business. Electricity and ERs/RECs are treated as joint products, as they are generated simultaneously. Cost of generation is allocated in the ratio of relative net sale value of the products. Cost comprises all production, acquisition and conversion costs and is aggregated on a weighted average basis. To the extent that any impairment arises, losses are recognised in the period they occur. The costs associated with generating inventories are charged to the profit or loss in the same period as the related revenues are recognised.

### **3.10 Trade and other receivables**

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

### **3.11 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 short-term loans are classified as part of bank deposits.

### **3.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank, and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of cash management and where there is a legal right of set-off against positive cash balances are included in cash and cash equivalents. Otherwise bank overdrafts are classified as borrowings.

### **3.13 Equity**

Refer paragraph 3.1 for policy on "Invested equity".

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

### **3.14 Trade payables**

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

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

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

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

### **3.15 Borrowings**

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

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

### **3.16 Current and deferred income tax**

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Restricted Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### **3.17 Employee benefits**

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

#### **a) Gratuity plan**

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

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

### **b) State administered Provident Fund**

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (currently 12.0 per cent.) of the employees' basic salary. The Restricted Group has no further obligation under the Provident Fund beyond its contribution, which is expensed when accrued.

## **3.18 Provisions**

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

## **3.19 Revenue recognition**

### **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.

### **b) Sale of emission reductions**

Revenue from sale of CER is recognized after registration of the project with United Nations Framework Convention on Climate Change (UNFCCC), generation of emission reductions, execution of a firm contract of sale and billing to a customer.

VER are emission reductions achieved by the power generation plants before the effective date of registration by the UNFCCC. The quantity of the VER is based on the estimation of the management, verification by an independent assessor and subject to the satisfaction of the buyer. Revenue is recognized upon execution of a firm contract of sale and on billed VER to the customers.

### **c) Sale of REC**

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

### **d) Generation Based Incentive (GBI)**

Revenue from GBI is recognized 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.

### **e) Interest income**

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

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### 3.20 Leases

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

### 3.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Restricted Group will comply with all attached conditions. The Restricted Group follows the capital approach under which a grant is credited directly to equity when the grants received by the Restricted Group represent incentives provided by government, unrelated to costs, to promote power generation based on certain renewable energy sources.

Other government grants are recognised as income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 3.22 Borrowing costs

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

## 4. Change in accounting policies

### Change in presentation currency

The Restricted Group has significant exposure to US\$ denominated funds and global investor base consequent to issue of US\$550 million Senior Notes by the Company. Hence, effective 1 April 2014, the Restricted Group has decided to present the combined financial statements in US\$.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. The financial information included in the Restricted Group's combined financial statements for the year ended 31 March 2014 previously reported in Euros has been restated into US Dollars using the procedures outlined below:

- assets and liabilities of foreign operations where the functional currency is other than US\$ were translated into US\$ at the relevant closing rates of exchange. Non-US Dollar operating results were translated into US\$ at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the currency translation reserve;
- Invested equity and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- all exchange rates used were extracted from the Restricted Group's underlying financial records. The exchange rates used in previous three years were as follows:

|                                  | 31 Mar 2014 | 31 Mar 2013 | 31 Mar 2012 |
|----------------------------------|-------------|-------------|-------------|
| <b>Euro / US\$ exchange rate</b> |             |             |             |
| Closing rate                     | 1.3752      | 1.2816      | 1.3338      |
| Average rate                     | 1.3402      | 1.2882      | 1.3784      |
| <b>US\$ / INR exchange rate</b>  |             |             |             |
| Closing rate                     | 60.10       | 54.39       | 51.16       |
| Average rate                     | 60.50       | 54.45       | 47.95       |

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

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

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

### **Presentation of 'Exceptional items' on the statement of profit or loss**

During the period, the Restricted Group has included a new line item 'Exceptional items' in the combined statement of profit or loss. Exceptional items are material items which individually, or of a similar type, in aggregate, need to be disclosed separately by virtue of their size, nature or incidence in order to better understand the Restricted Group's financial performance. Management believes that 'exceptional items' is meaningful for users of the combined financial statements as it helps the investors in analysing operating results and profitability

### **New and revised standards**

#### **IFRIC 21 'Levies'**

The Restricted Group has applied IFRIC 21 Levies for the first time in the current period. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Restricted Group's combined financial statements.

#### **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)**

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

1. the meaning of 'currently has a legally enforceable right of set-off'
2. that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Restricted Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the combined financial statements for any period/years presented.

#### **Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)**

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

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

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- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

As the Restricted Group has not recognized any impairment loss during the period/years presented, these amendments had no impact on the disclosures in the combined financial statements for any period/years presented.

### **Consolidation standards**

IFRS 10 'Consolidated Financial Statements' (IFRS 10) supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation – Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of Restricted Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12) integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Management of Restricted Group has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements. Further, as these are the special purpose combined financial statements of the Restricted Group, in view of the management no additional disclosures are required under IFRS 12.

## **5. New standards and interpretations not yet adopted**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB and but are not yet effective or endorsed by European Union, and have not been adopted early by the Restricted Group.

### **IFRS 9 'Financial Instruments' (2014)**

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Restricted Group's management have yet to assess the impact of IFRS 9 on these combined financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

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

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Restricted Group's management have not yet assessed the impact of IFRS 15 on these combined financial statements.

### **Annual Improvements to IFRSs 2010-2012 Cycle**

The Annual Improvements to IFRSs 2010-2012 cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other

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

than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusion of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party to the reporting entity. Consequently, the reporting entity should disclose as related party transaction the amounts incurred for the service paid or payable to the management entity for the provision of the key management personnel services. However, disclosure of the components of such compensation is not required.

The management of the Restricted Group do not anticipate that the application of these amendments will have a significant impact on the Restricted Group's combined financial statements.

### **Annual Improvements to IFRSs 2011-2013 Cycle**

The Annual improvements to IFRSs 2011-2013 cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendment to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The management of the Restricted Group do not anticipate that the application of these amendments will have a significant impact on the Restricted Group's combined financial statements.

## **6. Financial risk management**

### **6.1 Financial risk factors**

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

#### **6.1.1 Market risk**

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

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### **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Restricted Group are conducted in functional currency of its subsidiaries and further, the foreign currency assets/liabilities as at 31 December 2014 are not significant. Accordingly, the Company considers the impact of foreign exchange risk on the statement of profit or loss as not material.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Restricted Group has no significant interest-bearing assets other than investment in bank deposits, the Restricted Group's income and operating cash flows are substantially independent of changes in market interest rates. The Company considers the impact of fair value interest rate risk on investment in bank deposits as not material. A significant portion of the Restricted Group's borrowing carry fixed rate of interest, however, as these debts are carried at amortized cost, there is no fair value interest rate risk to the Group. The Group's interest rate risk arises from borrowings at variable rates which are not significant as at 31 December 2014. Accordingly the Company considers the impact of foreign exchange risk on the statement of profit or loss as not material.

### **6.1.2 Credit risk**

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

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

### **6.1.3 Liquidity risk**

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

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

In respect of each acquisition, the Restricted Group prepares a model to evaluate the necessary funding required. The Restricted Group's strategy is to primarily fund such acquisitions by assuming debt in the acquired entities or by borrowing specific long-term funds secured on the power plant to be acquired. In relation to the payment towards equity component of entities to be acquired, the Restricted Group ordinarily seeks to fund this by the injection of external funds by debt or equity.

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

The amounts disclosed in the table are the contractual undiscounted cash flows.

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(All amounts in US Dollar unless otherwise stated)

|                                    | Less than<br>1 year | Between 1 and<br>2 years | Between 2 and<br>5 years | Over<br>5 years    |
|------------------------------------|---------------------|--------------------------|--------------------------|--------------------|
| <b>At 31 December 2014</b>         |                     |                          |                          |                    |
| Borrowings                         |                     |                          |                          |                    |
| - Principal                        | 8,751,357           | 30,866                   | 528,720,396              | 473,709            |
| - Interest                         | 44,267,851          | 44,000,000               | 132,000,000              | -                  |
| Trade and other payables           | 47,204,566          | -                        | -                        | -                  |
| Other liabilities                  | 1,496,614           | -                        | -                        | -                  |
| <b>Total</b>                       | <b>101,720,388</b>  | <b>44,030,866</b>        | <b>660,720,396</b>       | <b>473,709</b>     |
|                                    |                     |                          |                          |                    |
|                                    | Less than<br>1 year | Between 1 and<br>2 years | Between 2 and<br>5 years | Over<br>5 years    |
| <b>At 31 March 2014 (Restated)</b> |                     |                          |                          |                    |
| Borrowings                         |                     |                          |                          |                    |
| - Principal                        | 16,957,324          | 25,593,360               | 78,369,134               | 177,071,232        |
| - Interest                         | 38,370,586          | 36,110,584               | 88,287,597               | 195,150,967        |
| Trade and other payables           | 37,454,962          | -                        | -                        | -                  |
| Other liabilities                  | 583,221             | -                        | -                        | -                  |
| <b>Total</b>                       | <b>93,366,093</b>   | <b>61,703,944</b>        | <b>166,656,731</b>       | <b>372,222,199</b> |

### 6.2 Capital risk management

The Restricted Group's objective when managing capital is to safeguard the Restricted Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Restricted Group also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Restricted Group may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the aggregate of equity as shown in the combined statement of financial position and net debt. Currently, the Restricted Group primarily monitors its capital structure in terms of evaluating the funding of potential acquisitions. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Restricted Group.

The capital for the reporting period under review is summarised as follows:

|                                                   | 31 December 2014 | 31 March 2014<br>(Restated) |
|---------------------------------------------------|------------------|-----------------------------|
| Total borrowings                                  | 537,976,328      | 292,799,280                 |
| Less: Cash and cash equivalents and bank deposits | (92,372,377)     | (19,602,540)                |
| Net debt                                          | 445,603,951      | 273,196,740                 |
| Total equity                                      | 199,843,934      | 187,522,212                 |
| Total capital                                     | 645,447,885      | 460,718,952                 |
| Gearing ratio                                     | 69%              | 59%                         |

#### 6.2.1 Fair value estimation

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

### 7. Critical accounting judgements and key sources of estimation 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.

The Restricted Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

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of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **7.1 Critical judgments in applying the accounting policies**

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

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

#### **b) Application of lease accounting rules**

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

#### **c) Application of interpretation for service concession arrangements**

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

#### **d) Assessment of long-term receivables from foreign operations**

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

### **7.2 Key sources of estimation uncertainty**

The Restricted Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **a) Fair value estimation**

The fair value of financial instruments that are not traded in an active market (for example, forward contracts) is determined by using valuation techniques. The Restricted Group uses its judgment to determine an appropriate method and make assumptions that are based on market conditions existing at each reporting date. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

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

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

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

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calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Restricted Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

In accordance with the accounting policy stated in note 3.5, the Restricted Group tests annually whether goodwill has suffered any impairment. The 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 (note 8).

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

Management reviews the useful life of depreciable assets at each reporting date, based on the expected utility of the assets to the Restricted Group. The carrying amounts are analysed in note 9. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment

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### 8. Intangible assets

|                                               | Licences          | Electricity<br>PPAs | Goodwill         | Total             |
|-----------------------------------------------|-------------------|---------------------|------------------|-------------------|
| <b>Cost</b>                                   |                   |                     |                  |                   |
| At 1 April 2013 (Restated)                    | 6,048,906         | 569,958             | 3,898,401        | 10,517,265        |
| Exchange differences                          | (574,696)         | (54,151)            | (370,381)        | (999,228)         |
| At 31 March 2014 (Restated)                   | 5,474,210         | 515,807             | 3,528,020        | 9,518,037         |
| Acquisition on business combination (note 27) | 5,832,361         | -                   | -                | 5,832,361         |
| Exchange differences                          | (584,954)         | (26,308)            | (179,939)        | (791,201)         |
| At 31 December 2014                           | <b>10,721,617</b> | <b>489,499</b>      | <b>3,348,081</b> | <b>14,559,197</b> |
| <b>Accumulated amortization</b>               |                   |                     |                  |                   |
| At 1 April 2013 (Restated)                    | 160,526           | 113,992             | -                | 274,518           |
| Charge for the year                           | 144,314           | 102,479             | -                | 246,793           |
| Exchange differences                          | (14,291)          | (10,148)            | -                | (24,439)          |
| At 31 March 2014 (Restated)                   | 290,549           | 206,323             | -                | 496,872           |
| Charge for the period                         | 188,513           | 81,287              | -                | 269,800           |
| Exchange differences                          | (22,180)          | (18,385)            | -                | (40,565)          |
| At 31 December 2014                           | <b>456,882</b>    | <b>269,225</b>      | <b>-</b>         | <b>726,107</b>    |
| <b>Net book value</b>                         |                   |                     |                  |                   |
| <b>At 31 December 2014</b>                    | <b>10,264,735</b> | <b>220,274</b>      | <b>3,348,081</b> | <b>13,833,090</b> |
| At 31 March 2014 (Restated)                   | 5,183,661         | 309,484             | 3,528,020        | 9,021,165         |
| At 1 April 2013 (Restated)                    | 5,888,380         | 455,966             | 3,898,401        | 10,242,747        |

Amortization and impairment charges are included under 'Depreciation and amortization' in the statement of profit or loss. The average remaining amortization period for licences is 35.0 years and for electricity PPA is 2.3 years.

#### Impairment tests for goodwill

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

|                                                           | 31 March 2014<br>(Restated) | Exchange<br>difference | 31 December 2014 |
|-----------------------------------------------------------|-----------------------------|------------------------|------------------|
| Cimaron Constructions Private Limited                     | 946,652                     | (48,282)               | <b>898,370</b>   |
| Tarela Power Limited                                      | 724,576                     | (36,955)               | <b>687,621</b>   |
| A T Hydro Private Limited                                 | 515,265                     | (26,280)               | <b>488,985</b>   |
| Sri Sai Krishna Hydro Energies Private Limited (Luni II)  | 454,643                     | (23,188)               | <b>431,455</b>   |
| Sri Sai Krishna Hydro Energies Private Limited (Luni III) | 454,643                     | (23,188)               | <b>431,455</b>   |
| Anubhav Hydel Power Private Limited                       | 432,241                     | (22,046)               | <b>410,195</b>   |
|                                                           | <b>3,528,020</b>            | <b>(179,939)</b>       | <b>3,348,081</b> |

The recoverable amount of a CGU is determined based on value-in-use calculations. As the Restricted Group has long-term power purchase agreements with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the license. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The recoverable amount of significant CGUs is set out below:

|                                                           | 31 December 2014  | 31 March 2014<br>(Restated) |
|-----------------------------------------------------------|-------------------|-----------------------------|
| Cimaron Constructions Private Limited                     | <b>7,895,152</b>  | 8,033,011                   |
| Tarela Power Limited                                      | <b>9,095,216</b>  | 8,772,482                   |
| A T Hydro Private Limited                                 | <b>8,795,200</b>  | 8,485,447                   |
| Sri Sai Krishna Hydro Energies Private Limited (Luni II)  | <b>8,763,619</b>  | 8,072,388                   |
| Sri Sai Krishna Hydro Energies Private Limited (Luni III) | <b>8,621,506</b>  | 8,072,607                   |
| Anubhav Hydel Power Private Limited                       | <b>10,532,133</b> | 9,646,632                   |

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The key assumptions used for value-in-use calculations are as follows:

|                                                           | <b>31 December 2014</b>              |                          | 31 March 2014               |                  |
|-----------------------------------------------------------|--------------------------------------|--------------------------|-----------------------------|------------------|
|                                                           | <b>Budgeted<br/>gross<br/>margin</b> | <b>Discount<br/>rate</b> | Budgeted<br>gross<br>margin | Discount<br>rate |
| Cimaron Constructions Private Limited                     | <b>84.1%</b>                         | <b>16.2%</b>             | 84.40%                      | 18.70%           |
| Tarela Power Limited                                      | <b>88.0%</b>                         | <b>16.2%</b>             | 88.30%                      | 18.80%           |
| A T Hydro Private Limited                                 | <b>87.5%</b>                         | <b>16.3%</b>             | 87.80%                      | 18.70%           |
| Sri Sai Krishna Hydro Energies Private Limited (Luni II)  | <b>89.6%</b>                         | <b>16.8%</b>             | 89.00%                      | 18.30%           |
| Sri Sai Krishna Hydro Energies Private Limited (Luni III) | <b>89.6%</b>                         | <b>16.8%</b>             | 89.00%                      | 18.30%           |
| Anubhav Hydel Power Private Limited                       | <b>92.2%</b>                         | <b>15.1%</b>             | 90.90%                      | 15.70%           |

Management has determined gross margins based on industry trends and the existing PPA with the transmission companies. 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 discount rate used is pre-tax and reflects the specific risks associated with the entity.

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### 9. Property, plant and equipment

|                                          | Land              | Buildings          | Plant and machinery | Furniture and equipment | Vehicles         | Capital work-in-progress | Total              |
|------------------------------------------|-------------------|--------------------|---------------------|-------------------------|------------------|--------------------------|--------------------|
| <b>Cost</b>                              |                   |                    |                     |                         |                  |                          |                    |
| At 1 April 2013 (Restated)               | 626,558           | 118,444,798        | 69,286,376          | 736,503                 | 953,628          | 154,560,525              | 344,608,388        |
| Additions                                | 5,785,844         | 5,710,247          | 255,640,891         | 316,820                 | 312,178          | 234,433,784              | 502,199,764        |
| Disposals/Capitalisation                 | -                 | -                  | -                   | -                       | (31,003)         | (253,636,909)            | (253,667,912)      |
| Exchange differences                     | (21,019)          | (11,215,236)       | (4,881,345)         | (67,865)                | (88,730)         | (14,812,344)             | (31,086,539)       |
| At 31 March 2014 (Restated)              | 6,391,383         | 112,939,809        | 320,045,922         | 985,458                 | 1,146,073        | 120,545,056              | 562,053,701        |
| Additions                                | 4,653,241         | 1,626,612          | 131,406,805         | 134,265                 | 56,264           | 70,896,059               | 208,773,246        |
| Disposals/Capitalisation                 | -                 | -                  | -                   | -                       | -                | (139,071,933)            | (139,071,933)      |
| Acquisition through business combination | 130,295           | 9,458,007          | 97,909,932          | 102,483                 | 33,328           | -                        | 107,634,045        |
| Exchange differences                     | (520,908)         | (6,321,811)        | (26,787,924)        | (61,060)                | (62,475)         | (2,118,561)              | (35,872,739)       |
| At 31 December 2014                      | <b>10,654,011</b> | <b>117,702,617</b> | <b>522,574,735</b>  | <b>1,161,146</b>        | <b>1,173,190</b> | <b>50,250,621</b>        | <b>703,516,320</b> |
| <b>Accumulated depreciation</b>          |                   |                    |                     |                         |                  |                          |                    |
| At 1 April 2013 (Restated)               | -                 | 6,331,609          | 4,721,049           | 174,432                 | 255,367          | -                        | 11,482,457         |
| Charge for the year                      | -                 | 3,524,966          | 6,596,494           | 130,371                 | 129,996          | -                        | 10,381,827         |
| Disposal                                 | -                 | -                  | -                   | -                       | (9,557)          | -                        | (9,557)            |
| Exchange differences                     | -                 | (578,095)          | (423,256)           | (15,705)                | (23,460)         | -                        | (1,040,516)        |
| At 31 March 2014 (Restated)              | -                 | 9,278,480          | 10,894,287          | 289,098                 | 352,346          | -                        | 20,814,211         |
| Charge for the period                    | -                 | 2,810,857          | 13,258,416          | 94,695                  | 91,587           | -                        | 16,255,555         |
| Exchange differences                     | -                 | (586,876)          | (1,082,453)         | (18,356)                | (21,642)         | -                        | (1,709,327)        |
| At 31 December 2014                      | -                 | <b>11,502,461</b>  | <b>23,070,250</b>   | <b>365,437</b>          | <b>422,291</b>   | -                        | <b>35,360,439</b>  |
| <b>Net book value</b>                    |                   |                    |                     |                         |                  |                          |                    |
| <b>At 31 December 2014</b>               | <b>10,654,011</b> | <b>106,200,156</b> | <b>499,504,485</b>  | <b>795,709</b>          | <b>750,899</b>   | <b>50,250,621</b>        | <b>668,155,881</b> |
| At 31 March 2014 (Restated)              | 6,391,383         | 103,661,329        | 309,151,635         | 696,360                 | 793,727          | 120,545,056              | 541,239,490        |
| At 1 April 2013 (Restated)               | 626,558           | 112,113,189        | 64,565,327          | 562,071                 | 698,261          | 154,560,525              | 333,125,931        |

During the period, the Restricted Group has capitalised borrowing costs amounting to US\$3,032,399 (31 March 2014: US\$6,050,050) on qualifying assets during construction. The weighted average of the borrowing costs applicable to general borrowings is 12.96 per cent. Note 26(f) provide details of asset purchase commitments outstanding as at 31 December 2014.

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## 10. Financial assets and liabilities

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

### 31 December 2014

|                                       | Loans and<br>receivables | Financial<br>assets at<br>FVTPL                           | Total              |
|---------------------------------------|--------------------------|-----------------------------------------------------------|--------------------|
| <b>Financial assets</b>               |                          |                                                           |                    |
| <b>Non-current</b>                    |                          |                                                           |                    |
| Other non-current financial assets    | -                        | 2,769,369                                                 | 2,769,369          |
| Bank deposits (note 14)               | 22,104,711               | -                                                         | 22,104,711         |
| Trade and other receivables (note 11) | 1,218,906                | -                                                         | 1,218,906          |
| <b>Current</b>                        |                          |                                                           |                    |
| Bank deposits (note 14)               | 4,699,326                | -                                                         | 4,699,326          |
| Trade and other receivables (note 11) | 37,128,726               | -                                                         | 37,128,726         |
| Cash and cash equivalents (note 13)   | 65,568,340               | -                                                         | 65,568,340         |
| <b>Total</b>                          | <b>130,720,009</b>       | <b>2,769,369</b>                                          | <b>133,489,378</b> |
|                                       |                          | <b>Liabilities<br/>measured at<br/>amortised<br/>cost</b> | <b>Total</b>       |
| <b>Financial liabilities</b>          |                          |                                                           |                    |
| <b>Non-current</b>                    |                          |                                                           |                    |
| Borrowings (note 17)                  | -                        | 529,224,971                                               | 529,224,971        |
| <b>Current</b>                        |                          |                                                           |                    |
| Borrowings (note 17)                  | -                        | 8,751,357                                                 | 8,751,357          |
| Trade and other payables (note 16)    | -                        | 47,204,566                                                | 47,204,566         |
| <b>Total</b>                          | <b>-</b>                 | <b>585,180,894</b>                                        | <b>585,180,894</b> |

### 31 March 2014 (Restated)

|                                       | Loans and<br>receivables | Financial<br>assets at<br>FVTPL                           | Total             |
|---------------------------------------|--------------------------|-----------------------------------------------------------|-------------------|
| <b>Financial assets</b>               |                          |                                                           |                   |
| <b>Non-current</b>                    |                          |                                                           |                   |
| Bank deposits (note 14)               | 8,248,329                | -                                                         | 8,248,329         |
| Trade and other receivables (note 11) | 2,350,476                | -                                                         | 2,350,476         |
| <b>Current</b>                        |                          |                                                           |                   |
| Bank deposits (note 14)               | 1,724,536                | -                                                         | 1,724,536         |
| Trade and other receivables (note 11) | 26,255,587               | -                                                         | 26,255,587        |
| Cash and cash equivalents (note 13)   | 9,629,675                | -                                                         | 9,629,675         |
| <b>Total</b>                          | <b>48,208,603</b>        | <b>-</b>                                                  | <b>48,208,603</b> |
|                                       |                          | <b>Liabilities<br/>measured at<br/>amortised<br/>cost</b> | <b>Total</b>      |
| <b>Financial liabilities</b>          |                          |                                                           |                   |
| <b>Non-current</b>                    |                          |                                                           |                   |
| Borrowings (note 17)                  | -                        | 276,039,687                                               | 276,039,687       |
| <b>Current</b>                        |                          |                                                           |                   |
| Borrowings (note 17)                  | -                        | 16,759,593                                                | 16,759,593        |

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(All amounts in US Dollar unless otherwise stated)

|                                    | Liabilities<br>at FVTPL | Liabilities<br>measured at<br>amortised<br>cost | Total       |
|------------------------------------|-------------------------|-------------------------------------------------|-------------|
| Trade and other payables (note 16) | -                       | 37,454,962                                      | 37,454,962  |
| <b>Total</b>                       | -                       | 330,254,242                                     | 330,254,242 |

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

### Fair value hierarchy

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

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

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

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

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 December 2014 and 31 March 2014:

#### 31 December 2014

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

### Measurement of fair value of financial instruments

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

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

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

The estimated fair value of options hedging arrangements for repayment of principal of Senior Notes 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 observable like interest rates, yield curves, implied volatilities and credit spreads.

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(All amounts in US Dollar unless otherwise stated)

### 11. Trade and other receivables

|                                          | 31 December 2014  | 31 March 2014<br>(Restated) |
|------------------------------------------|-------------------|-----------------------------|
| Trade receivables                        | 29,106,388        | 18,587,387                  |
| Other receivables                        | 8,297,482         | 8,306,453                   |
| Pre-payments                             | 619,065           | 575,989                     |
| Advance for expenses                     | 116,082           | 97,172                      |
| Sundry deposits                          | 208,615           | 207,115                     |
| Advance for purchase of equity           | -                 | 831,947                     |
| <b>Total trade and other receivables</b> | <b>38,347,632</b> | <b>28,606,063</b>           |
| Less: Non-current portion                | (1,218,906)       | (2,350,476)                 |
| Current portion                          | 37,128,726        | 26,255,587                  |

Advance for purchase of equity represents interest free amounts paid under memorandum of understanding with various parties which have been identified as potential entities to be acquired in the future. These advances do not provide the Restricted Group with additional rights and are adjusted against the purchase consideration when the transaction is consummated else these amounts are refunded by the parties. Other receivables include advances against advances for expenses, and other advance recoverable.

Trade receivables include unbilled revenue of US\$6,056,146 (31 March 2014: US\$1,241,180)

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 December 2014, trade receivables of US\$18,524,558 (31 March 2014: US\$7,687,703) were past due but not impaired. Trade receivables aggregating to US\$9,785,974 (31 March 2014: US\$7,710,071) have been considered as fully recoverable based on management's assessment of their recoverability based on its evaluation of terms implicit in the contracts with the customers, legal opinions and other pertinent factors

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

|                  | 31 December 2014  | 31 March 2014<br>(Restated) |
|------------------|-------------------|-----------------------------|
| 1 to 6 months    | 12,708,212        | 2,320,906                   |
| 6 to 9 months    | 796,114           | 4,067,088                   |
| 9 to 12 months   | 1,516,417         | 778,201                     |
| Beyond 12 months | 3,503,815         | 521,508                     |
|                  | <b>18,524,558</b> | <b>7,687,703</b>            |

The carrying amounts of trade receivables are denominated in the following currencies:

|              | 31 December 2014  | 31 March 2014<br>(Restated) |
|--------------|-------------------|-----------------------------|
| Indian rupee | 28,929,784        | 18,401,292                  |
| Euro         | 176,604           | 186,095                     |
|              | <b>29,106,388</b> | <b>18,587,387</b>           |

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

### 12. Inventories

|                               | 31 December 2014 | 31 March 2014<br>(Restated) |
|-------------------------------|------------------|-----------------------------|
| Stores and consumables        | 2,232,874        | 2,073,268                   |
| Emission reductions           | 1,995,578        | 1,902,289                   |
| Renewable energy certificates | 1,114,563        | 709,718                     |
|                               | <b>5,343,015</b> | <b>4,685,275</b>            |

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Power generation expenses during the period aggregated to US\$3,128,438 (31 March 2014: US\$1,311,168) which includes US\$1,221,631 (31 March 2014: Nil) attributable to adjustment for net realizable value.

### 13. Cash and cash equivalents

|              | 31 December 2014  | 31 March 2014<br>(Restated) |
|--------------|-------------------|-----------------------------|
| Cash on hand | 177,281           | 186,895                     |
| Cash at bank | 65,391,059        | 9,442,780                   |
|              | <b>65,568,340</b> | <b>9,629,675</b>            |

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

### 14. Bank deposits

The Restricted Group holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months are classified as 'bank deposits'. Deposits with maturity date beyond 12 months from the balance sheet date are disclosed under non-current assets. The Restricted Group can redeem these deposits with a short notice. Bank deposits aggregating to US\$26,804,037 (31 March 2014: US\$9,556,893) are restricted.

Bank deposits includes US\$21,999,836 (31 March 2014: Nil) in currencies other than INR (i.e., in US\$).

### 15. Other reserves - Government grants

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

### 16. Trade and other payables

|                                            | 31 December 2014  | 31 March 2014<br>(Restated) |
|--------------------------------------------|-------------------|-----------------------------|
| Trade payables                             | 1,310,269         | 773,319                     |
| Capital creditors                          | 13,284,685        | 30,040,526                  |
| Interest accrued but not due on borrowings | 18,392,986        | 2,182,330                   |
| Other payables                             | 12,663,154        | 2,688,040                   |
| Cost of acquisition payable                | 1,553,472         | 1,770,747                   |
| <b>Total</b>                               | <b>47,204,566</b> | <b>37,454,962</b>           |

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

### 17. Borrowings

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

|                                                                       | 31 December 2014   | 31 March 2014<br>(Restated) |
|-----------------------------------------------------------------------|--------------------|-----------------------------|
| <b>Non-current – Financial liabilities measured at amortized cost</b> |                    |                             |
| Bank borrowings                                                       | -                  | 118,317,440                 |
| Term loans from financial institutions                                | 873,709            | 157,641,738                 |
| Senior Notes                                                          | 528,320,396        | -                           |
| Equipment and vehicle loans                                           | 30,866             | 80,509                      |
|                                                                       | <b>529,224,971</b> | <b>276,039,687</b>          |
| <b>Current – Financial liabilities measured at amortized cost</b>     |                    |                             |
| Bank borrowings                                                       | -                  | 8,599,202                   |

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(All amounts in US Dollar unless otherwise stated)

|                                                   | 31 December 2014   | 31 March 2014<br>(Restated) |
|---------------------------------------------------|--------------------|-----------------------------|
| Term loans from financial institutions and others | 8,690,280          | 8,057,093                   |
| Equipment and vehicle loans                       | 61,077             | 103,298                     |
|                                                   | <b>8,751,357</b>   | <b>16,759,593</b>           |
| <b>Total borrowings</b>                           | <b>537,976,328</b> | <b>292,799,280</b>          |

**17.1** Borrowings from banks and financial institutions mature over 2014 to 2024 and bear floating rate interest of 12.50% (31 March 2014: 11.55% to 16%). The fair value of borrowings from bank and financial institutions approximates their carrying value as these borrowings carry a floating rate of interest. All borrowings are classified as financial liabilities measured at amortized cost. 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, and mortgage of land and buildings both present and future of respective restricted entity. In addition to this, term loan from financial institutions are also secured by personal guarantees of directors and pledge of shares. Additionally, the borrowings are also secured by a lien on bank deposits amounting to US\$21,999,836 (31 March 2014: US\$9,556,893).

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

During the period, the Company has entered into option hedging arrangements in relation to principal repayment of the Senior Notes to the extent of US\$55 million and the option is fair valued and recognised through profit or loss.

**17.3** The maturity profile of the Restricted Group's borrowings at the reporting dates is as follows:

|                              | 31 December 2014   | 31 March 2014<br>(Restated) |
|------------------------------|--------------------|-----------------------------|
| 1 year or less, or on demand | 8,751,357          | 16,759,593                  |
| 1 to 2 years                 | -                  | 25,193,131                  |
| 2 to 5 years                 | 528,751,262        | 77,065,412                  |
| Over 5 years                 | 473,709            | 173,781,144                 |
|                              | <b>537,976,328</b> | <b>292,799,280</b>          |

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

|                                              | 31 December 2014 |             | 31 March 2014 (Restated) |             |
|----------------------------------------------|------------------|-------------|--------------------------|-------------|
|                                              | Carrying amount  | Fair value  | Carrying amount          | Fair value  |
| Bank borrowings                              | -                | -           | 126,916,642              | 126,916,642 |
| Loans from financial institutions and others | 9,563,989        | 9,563,989   | 165,698,831              | 165,698,831 |
| Senior Notes                                 | 528,320,396      | 528,320,396 | -                        | -           |
| Equipment and vehicle loans                  | 91,943           | 91,943      | 183,807                  | 183,807     |

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

|              | 31 December 2014   | 31 March 2014<br>(Restated) |
|--------------|--------------------|-----------------------------|
| Indian rupee | 9,255,932          | 292,799,280                 |
| US Dollar    | 528,720,396        | -                           |
|              | <b>537,976,328</b> | <b>292,799,280</b>          |

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### 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 December 2014  | 31 March 2014<br>(Restated) |
|---------------------------------------------|-------------------|-----------------------------|
| Deferred income tax liabilities             |                   |                             |
| — to be recovered after more than 12 months | 11,298,399        | 6,631,661                   |
| — to be recovered within 12 months          | -                 | -                           |
|                                             | <b>11,298,399</b> | <b>6,631,661</b>            |

The movement in deferred income tax liabilities during the period is as follows:

|                                     | Tangible assets  | Intangible assets | Others           | Total             |
|-------------------------------------|------------------|-------------------|------------------|-------------------|
| At 31 March 2013 (Restated)         | 4,530,820        | 1,480,165         | (85,528)         | 5,925,457         |
| Recognised in profit or loss        | 1,166,583        | 79,568            | 6,699            | 1,252,850         |
| Exchange difference                 | (415,268)        | (139,591)         | 8,213            | (546,646)         |
| At 31 March 2014 (Restated)         | <b>5,282,135</b> | <b>1,420,142</b>  | <b>(70,616)</b>  | <b>6,631,661</b>  |
| Recognised in profit or loss        | 6,061,621        | (126,237)         | (58,050)         | 5,877,334         |
| Acquisition on business combination | (1,531,773)      | 880,484           | -                | (651,289)         |
| Exchange difference                 | (452,322)        | (113,108)         | 6,123            | (559,307)         |
| At 31 December 2014                 | <b>9,359,661</b> | <b>2,061,281</b>  | <b>(122,543)</b> | <b>11,298,399</b> |

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

Greenko Dutch is subject to Netherland corporate tax at the standard rate of 25 per cent, whereas the Indian entities are subject to corporate tax rate of 32.45%. Further, dividends are not taxable in India in the hands of the recipient. However, the Indian entities will be subject to a 'dividend distribution tax' currently at the rate of 18.5% (plus applicable surcharge and education cess) on the total amount distributed as dividend. As at 31 December 2014 and 31 March 2014, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Restricted entities, the Restricted Group has determined that undistributed profits of Restricted entities will not be distributed in the foreseeable future as the Restricted Group earnings will continue to be re-invested in full to finance the on-going growth of the Restricted Group.

### 19. Revenue

|                                       | 31 December 2014  | 31 March 2014<br>(Restated) |
|---------------------------------------|-------------------|-----------------------------|
| Sale of power                         | 86,942,968        | 43,625,342                  |
| Sale of renewable energy certificates | 263,153           | 886,814                     |
| Generation based incentive            | 3,153,812         | 1,244,447                   |
|                                       | <b>90,359,933</b> | <b>45,756,603</b>           |

20. Other income includes profit on sale of investments in subsidiaries and associates of US\$5,030,868 (31 March 2014: Nil). Refer note 3.1 for sale of investments in subsidiaries and associates.

### 21. Retirement benefit obligations

|                                                       | 31 December 2014 | 31 March 2014<br>(Restated) |
|-------------------------------------------------------|------------------|-----------------------------|
| <b>Statement of financial position obligation for</b> |                  |                             |
| Gratuity                                              | 155,460          | 104,273                     |
| Compensated absences                                  | 126,580          | 59,214                      |
|                                                       | <b>282,040</b>   | <b>163,487</b>              |

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|                                                 | 31 December 2014 | 31 March 2014<br>(Restated) |
|-------------------------------------------------|------------------|-----------------------------|
| <b>Expense recognised in the profit or loss</b> |                  |                             |
| Gratuity                                        | 63,105           | (6,876)                     |
| Compensated absences                            | 51,192           | 3,424                       |
|                                                 | <b>114,297</b>   | <b>(3,452)</b>              |

The principal actuarial assumptions used were as follows:

|                         | 31 December 2014 | 31 March 2014 |
|-------------------------|------------------|---------------|
| Discount rate           | 8.00%            | 8.70%         |
| Future salary increases | 7%               | 7%            |
| Return on plan assets   | 8%               | 8%            |
| Retirement age          | 60 years         | 60 years      |

The Restricted Group makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The Restricted Group is not informed by LIC of the investments made by the LIC or the break-down of plan assets by type of investments. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Restricted Group expects to contribute US\$1,503 towards the gratuity plan in the year ended 31 December 2015.

## 22. Employee benefit expense

|                                                     | 31 December 2014 | 31 March 2014<br>(Restated) |
|-----------------------------------------------------|------------------|-----------------------------|
| Salaries and wages                                  | 2,556,609        | 2,118,981                   |
| Employee welfare expenses                           | 141,595          | 236,273                     |
| Retirement benefits—defined contribution plans      | 107,174          | 89,620                      |
| Retirement benefits—defined benefit plans (note 21) | 63,105           | (6,876)                     |
| Compensated absences (note 21)                      | 51,192           | 3,424                       |
|                                                     | <b>2,919,675</b> | <b>2,441,422</b>            |

## 23. Finance income and costs

|                                      | 31 December 2014  | 31 March 2014<br>(Restated) |
|--------------------------------------|-------------------|-----------------------------|
| <b>Finance income</b>                |                   |                             |
| Interest on bank deposits and others | 1,250,079         | 907,913                     |
| Dividend from units of mutual funds  | 36,799            | -                           |
|                                      | <b>1,286,878</b>  | <b>907,913</b>              |
| <b>Finance cost</b>                  |                   |                             |
| Interest on borrowings               | 34,700,576        | 21,014,475                  |
| Bank charges                         | 45,483            | 352,213                     |
|                                      | <b>34,746,059</b> | <b>21,366,688</b>           |

## 24. Exceptional items

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

### Loan restructuring costs

During the period, the Restricted Group raised US\$ denominated Senior Notes and invested the same as Non-convertible debentures. Loan restructuring costs represents the cost of prepayment and unamortized transaction costs of existing Rupees Loans. Refer note 17.2 for further details of US\$ Senior Notes.

### Gain on change in value of contingent consideration

The consideration payable to the seller of Greenko Budhil Hydro Power Private Limited (Greenko Budhil) included additional consideration contingent upon the vendor securing lucrative customer contract on a long term basis. As

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at 31 December 2014, the fair value of this additional consideration is considered Nil as the sellers have not fulfilled obligation of securing the said customer contract within the agreed period and has been recognized in profit or loss. Refer note 26 for further details.

### 25. Income tax expense

|                        | 31 December 2014 | 31 March 2014<br>(Restated) |
|------------------------|------------------|-----------------------------|
| Current tax            | 2,756,860        | 1,192,420                   |
| Deferred tax (note 18) | 5,877,334        | 1,252,850                   |
|                        | <b>8,634,194</b> | <b>2,445,270</b>            |

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

|                                                                 | 31 December 2014 | 31 March 2014<br>(Restated) |
|-----------------------------------------------------------------|------------------|-----------------------------|
| Profit before income tax                                        | 43,713,099       | 8,276,325                   |
| Tax rate applicable to restricted entities in India             | 32.45%           | 32.45%                      |
| Expected tax expense                                            | 14,184,901       | 2,685,667                   |
| Adjustment for tax differences on account of tax holiday period | 5,550,707        | 240,397                     |
| <b>Tax charge</b>                                               | <b>8,634,194</b> | <b>2,445,270</b>            |

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

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

### 26. Commitments and contingencies

- a) Few of the Restricted Group's power generating units in India have income tax disputes with the tax authorities. The Restricted Group has appealed against the orders of the income tax officer/authority at appropriate levels. The Restricted Group has been successful in obtaining favourable orders in few cases. The tax authorities have appealed against these orders. Based on assessment of these claims, the management is confident of ultimate favourable outcome.
- 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\$7,457,960 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\$699,371 was provided to the bank. The management is confident that the contingent liability of SSPPL under the corporate guarantees issued will not exceed US\$699,371. 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 IREDA informing that SSPL had given a corporate guarantee of US\$1,195,505 for the credit facilities availed by Bhadrakiri Power Private Limited. On verification of records and discussions with the erstwhile Managing Director, SSPL came to an opinion that the said corporate guarantee was not executed on behalf of SSPL and hence SSPL is not responsible for any liability under those documents. This is a matter of dispute which needs to be finally settled. The promoters/erstwhile seller-shareholders are responsible and obligated to the Greenko Group to settle this.

- c) Prior to acquisition by the Restricted Group, Greenko Budhil had received demand notices aggregating to US\$7,030,244 from various government authorities in relation to duty drawback, construction cess and entry tax. Greenko Budhil has contested these demands at various levels. Pending disposal of these matters, in view of the

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(All amounts in US Dollar unless otherwise stated)

management no provision is required to be made in the books of account. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to Restricted Group to settle these disputes.

- d) Greenko Budhil terminated Power Purchase Agreement (PPA) entered with PTC India Limited (PTC). Haryana Power Generation Corporation Limited (HPGCL), the ultimate beneficiary (as PTC entered into a power supply agreement with HPGCL), disputed the termination. HPGCL approached the Haryana Electricity Regulatory Commission (HERC) seeking inter alia that (i) the termination of the PPA to be declared illegal and invalid and (ii) that both the Greenko Budhil and PTC be directed to comply with their obligations qua HPGCL ("HPGCL Petition"). Appellate Tribunal for Electricity (APTEL) has held that HERC does not have jurisdiction over the dispute. HPGCL and PTC both have challenged the decision of APTEL separately with Hon'ble Supreme Court of India. Petitions have been admitted by Hon'ble Supreme Court. The matter is pending with Hon'ble Supreme Court for hearing. Based on the legal opinion of an independent counsel, the Group is confident of a favourable outcome in this matter. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to Restricted Group to settle this.
- e) Him Kailash Hydro Power Private Limited (HKHPPL) has given corporate guarantee in respect of a term loan of US\$2,289,594 sanctioned to Madhava Vasistha Hydro Power Private Limited, a company owned by erstwhile owners of HKHPPL. Pursuant to the terms of share purchase agreement with erstwhile owners of HKHPPL, erstwhile owners of HKHPPL are required to get the corporate guarantee released without any liability to HKHPPL or Restricted Group.
- f) Capital commitments

Capital expenditure contracted for at 31 December 2014 but not yet incurred aggregated to US\$1,706,452 (31 March 2014: US\$33,028,535).

## 27. Business combinations

On 15 June 2014, Restricted Group acquired 100% of the equity instruments of Lanco Budhil Hydro Power Private Limited (now known as Greenko Budhil Hydro Power Private Limited) (Budhil Project). The acquisition was made to enhance the generating capacity of Restricted Group from clean energy assets. Budhil Project has an operating hydro power plant with installed capacity of 70MW in the state of Himachal Pradesh in north India. Details of this acquisition are set out below:

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

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

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

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

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

|                               | <b>Amount</b>      |
|-------------------------------|--------------------|
| Property, plant and equipment | <b>107,634,044</b> |
| Inventories                   | <b>111,441</b>     |
| Licence                       | <b>5,832,361</b>   |
| Trade and other receivables   | <b>825,638</b>     |

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

(All amounts in US Dollar unless otherwise stated)

|                                               | Amount             |
|-----------------------------------------------|--------------------|
| Cash and cash equivalents                     | 204,282            |
| Trade and other payables                      | (14,022,545)       |
| Deferred income tax assets                    | 651,289            |
|                                               | <b>101,236,510</b> |
| Borrowings                                    | 60,634,805         |
| Net assets                                    | <b>40,601,705</b>  |
| <b>Purchase consideration settled in cash</b> | <b>18,058,657</b>  |
| Cash and cash equivalents acquired            | (204,282)          |
| Cash outflow on acquisition                   | <b>17,854,375</b>  |

### Impact of acquisition on results of Restricted Group

Greenko Budhil generated revenues of US\$8,314,414 and made profit of US\$243,884 from the acquisition date to the date of balance sheet.

If Greenko Budhil had been acquired on 1 April 2014, revenue of Restricted Group would have been higher by US\$3,286,266 whereas the profit for the period would have been lower by US\$88,392.

## 28. Related-party transactions

The Restricted Group is controlled by Greenko Mauritius, which is a subsidiary of Greenko Group Plc. The Restricted Group entities have certain transactions with Greenko Mauritius and its subsidiaries (Unrestricted Group entities).

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

|                                                    | 31 December 2014 | 31 March 2014<br>(Restated) |
|----------------------------------------------------|------------------|-----------------------------|
| Share application money received                   | -                | 26,531,505                  |
| Share application money refund                     | -                | 909,091                     |
| Investment received in equity capital              | 2,671,874        | 73,558,677                  |
| Purchase of investments                            | 3,838,037        | -                           |
| Sale of investments in subsidiaries and associates | 11,459,602       | -                           |
| Loan given                                         | 1,694,515        | 13,896,746                  |
| Loan taken                                         | 63,672,012       | 11,843,435                  |
| Project management fee paid                        | 275,471          | 355,395                     |

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

|                    | 31 December 2014 | 31 March 2014<br>(Restated) |
|--------------------|------------------|-----------------------------|
| Balance payable    | (38,660,812)     | (91,248,032)                |
| Balance receivable | 15,941,329       | 6,697,705                   |
| Net Payable        | (22,719,483)     | (84,550,327)                |

- c. Net balance payable to the unrestricted group as at 31 July 2014 is US\$74,543,670.
- d. Entities of the unrestricted group have given corporate guarantees for borrowings aggregating to Nil (31 March 2014: US\$449,359,401) outstanding as at 31 December 2014.
- e. 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 (31 March 2014: Nil).

29. During the period, the Company has paid US\$322,000 to auditors towards audit of combined financial statements of the Restricted Group for the purpose of issuance of the Senior Notes.

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

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

### **30. Segment reporting**

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

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

Revenues from four major customers relating to power generating activities represent US\$51,878,497 (31 March 2014: US\$35,742,536) of the total revenue.