

Greenko Solar (Mauritius) Limited (Restricted Group III)

Issuer of US\$500 Million 5.55% Senior Notes due 2025
and US\$535 Million 5.95% Senior Notes due 2026

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Independent auditor's report

To the Board of Directors of Greenko Solar (Mauritius) Limited

Opinion

We have audited the combined financial statements of Greenko Solar (Mauritius) Limited (the "Company"), a wholly owned subsidiary of Greenko Energy Holdings (the "Parent") and 27 entities under the common control of the Parent, as listed in note 3.1 (a) of the combined financial statements (collectively known as the "Restricted Group III"), which comprise the combined statement of financial position as at 31 March 2023, the combined statement of comprehensive income for the year ended 31 March 2023, the combined statement of changes in net parent investment and combined statement of cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements of the Restricted Group III for the year ended 31 March 2023 are prepared, in accordance with the basis of preparation in note 3.1 (a) of the combined financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the combined financial statements section of our report. We are independent of the Restricted Group III in accordance with the ethical requirements that are relevant to our audit of the combined financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting

We draw attention to Note 2 and 3.1 to the combined financial statements, which describes that the Restricted Group III has not formed a separate legal group of entities during the year ended 31 March 2023, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group III's combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group III that would have occurred if it had operated as a separate standalone group of entities during the years presented, nor may they be indicative of the results of operations of the Restricted Group III for any future period. Our opinion is not modified in respect of this matter.

Other matters

- a) The combined financial statements of the Restricted Group III for the year ended 31 March 2022, were audited by another auditor who expressed an unmodified opinion on those combined financial statements on 28 July 2022.
- b) The combined financial statements have been prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes as described in Note 3.1 to the combined financial statements. As a result, the combined financial statements may not be suitable for another purpose.



Responsibilities of management and those charged with governance for the combined financial statements

Management is responsible for the preparation of these combined financial statements in accordance with the basis of preparation in note 3.1 of 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.

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

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

Auditor's responsibilities for the audit of the combined financial statements

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

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

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

UDIN: **23093649B4xPLG3370**

Place: Mumbai

Date: 27 July 2023



Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Combined statement of financial position**

	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	8	940.02	964.01
Intangible assets and goodwill	9	295.17	312.18
Trade receivables	11	20.05	-
Other receivables	12	2.16	-
Bank deposits	15	0.00	0.02
Derivative financial assets	10	127.83	120.93
		1,385.23	1,397.14
Current assets			
Inventories	13	2.08	1.26
Trade receivables	11	117.86	207.52
Other receivables	12	15.51	19.96
Receivables from Unrestricted Group	29	67.28	87.26
Bank deposits	15	7.69	7.61
Taxation receivable		0.82	1.37
Cash and cash equivalents	14	32.68	33.45
		243.92	358.43
Total assets		1,629.15	1,755.57
Equity and liabilities			
Equity			
Net parent investment		203.43	301.06
Total equity		203.43	301.06
Liabilities			
Non-current liabilities			
Retirement benefit obligations	20	0.60	0.70
Borrowings	17	1,070.74	1,071.68
Deferred tax liabilities	18	179.09	172.30
Trade and other payables	16	15.47	13.28
Other financial liabilities	10	52.32	81.45
Lease liabilities	27	2.38	2.23
		1,320.60	1,341.64
Current liabilities			
Borrowings	17	40.14	46.26
Trade and other payables	16	31.59	33.26
Taxation payable		0.50	0.40
Other financial liabilities	10	32.50	32.50
Lease liabilities	27	0.39	0.45
		105.12	112.87
Total liabilities		1,425.72	1,454.51
Total equity and liabilities		1,629.15	1,755.57

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

Greenko Solar (Mauritius) Limited (Restricted Group III)
(All amounts in US Dollar millions unless otherwise stated)
Combined statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue	19	174.79	191.29
Other operating income		0.54	0.68
Power generation expenses	22	(18.01)	(21.19)
Employee benefits expense	21	(5.95)	(5.98)
Other expenses	23	(9.26)	(5.99)
Impairment loss on trade receivables	11	(4.29)	(11.33)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		137.82	147.48
Depreciation and amortisation	8&9	(55.19)	(59.42)
Operating profit		82.63	88.06
Finance income	24	11.01	0.79
Finance cost	24	(76.42)	(95.39)
Profit/ (Loss) before tax		17.22	(6.54)
Income tax expense	25	(13.81)	(13.97)
Profit/ (Loss) for the year		3.41	(20.51)
Attributable to:			
Equity holders of the Restricted Group III		3.41	(20.51)
Non-controlling interests		-	-
		3.41	(20.51)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(100.85)	(41.38)
Total other comprehensive income		(100.85)	(41.38)
Total comprehensive income/(loss)		(97.44)	(61.89)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Restricted Group III		(97.44)	(61.89)
Non-controlling interests		-	-
		(97.44)	(61.89)

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

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Combined statement of changes in net parent investment**

	As at 31 March 2023	As at 31 March 2022
Opening	301.06	346.77
Profit/ (Loss) for the year	3.41	(20.51)
Exchange differences on translating foreign operations#	(100.85)	(41.38)
Contribution of net assets from Parent (refer note 3.1 (c))*	(0.19)	16.18
Closing	203.43	301.06

* Represents net assets contribution from Parent including fair value adjustments as explained in note 3.1(c) related to entities added to Restricted Group III.

Movement in currency translation reserve:

	As at 31 March 2023	As at 31 March 2022
Opening	(103.16)	(61.78)
Other comprehensive income:		
Exchange differences on translating foreign operations	(100.85)	(41.38)
Closing	(204.01)	(103.16)

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Combined statement of cash flow

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flows from operating activities			
Profit/ (Loss) before tax		17.22	(6.54)
<i>Adjustments for</i>			
Depreciation and amortisation	8&9	55.19	59.42
Finance income	24	(11.01)	(0.79)
Finance cost	24	76.42	95.39
Impairment loss on trade receivables	11	4.29	11.33
<i>Changes in working capital</i>			
Inventories		(0.57)	(0.33)
Trade and other receivables		58.67	(53.59)
Trade and other payables		1.29	3.39
<i>Cash generated from operations</i>		201.50	108.28
Taxes paid		(1.19)	(1.91)
Net cash generated from operating activities		200.31	106.37
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure		(2.75)	(6.45)
Bank deposits		0.57	16.77
Interest received		3.97	0.72
Net cash generated from investing activities		1.79	11.04
C. Cash flows from financing activities			
Proceeds from borrowings	17.7	26.43	17.95
Repayment of borrowings	17.7	(29.08)	(0.01)
Repayment of loans to unrestricted group		(1.76)	(0.15)
Loans to entities designated as restricted entities	3.1(c)	(91.22)	(70.81)
Payment of lease liabilities	17.7	(0.68)	(0.56)
Premium paid on derivative contracts		(32.50)	(32.72)
Interest paid		(69.38)	(70.42)
Net cash used in financing activities		(198.19)	(156.72)
Net increase/ (decrease) in cash and cash equivalents		3.91	(39.31)
Cash and cash equivalents at the beginning of the year	14	33.45	73.36
Cash and cash equivalents related to entities added to Restricted Group III (refer note 3.1(c))*		0.49	1.09
Exchange loss on cash and cash equivalents		(5.17)	(1.69)
Cash and cash equivalents at the end of the year	14	32.68	33.45

Refer note 17.7 for reconciliation of liabilities arising from financing activities.

* refer note 3.1(c) for non-cash investing and financing activities relating to contribution by Parent by way of addition of entities to Restricted Group III.

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

1. General information

Greenko Solar (Mauritius) Limited ("Greenko Solar" or "the Company") was incorporated on 05 July 2016 as a Private Company with Limited liability by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission and has its registered office at C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis 11324, Mauritius. Greenko Solar is a wholly owned subsidiary of Greenko Energy Holdings. Greenko Solar is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India.

Greenko Energy Holdings, Mauritius ("Greenko" or "the Parent") is the Ultimate Holding Company of Greenko Power. The parent together with its subsidiaries ("Greenko Group") is in the business of owning and operating clean energy facilities in India.

2. Background and purpose of the Combined Financial Statements

The Company has issued Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Solar invested issue proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") of certain operating Indian subsidiaries of the Parent. These Indian subsidiaries in which Greenko Solar has invested the issue proceeds are individually called as a 'restricted entity' and collectively as 'the restricted entities'. These restricted entities are under common control of Greenko Energy Holdings and primarily comprise the hydro, wind and solar portfolio. Further, Non-convertible debentures issued to Greenko Solar by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Greenko Solar 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 Solar (Mauritius) Limited (Restricted Group III)" or "the Restricted Group III".

Restricted Group III does not constitute a separate legal entity. The combined financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. The indenture governing the Senior Notes requires Greenko Solar to prepare combined financial statements of Greenko Solar and restricted entities for the purpose of submission to the bond holders.

The basis of preparation and significant accounting policies used in preparation of these combined financial statements are set out in Note 3 below.

3. Summary of significant accounting policies

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

3.1 Basis of preparation of the combined financial statements

a) Basis of preparation

These combined financial statements have been prepared in accordance with the basis of preparation using the accounting principles under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB") on a carve-out basis taking into account the specifics to be considered in preparing combined financial statements. Whilst the financial information included in these combined financial statements is in accordance with basis of preparation using IFRS principles, however, these combined financial statements do not include all of the information required for a complete set of IFRS financial statements.

These combined financial statements as at and for the years ended 31 March 2023 and 31 March 2022 respectively have been prepared using top-down approach on carve out basis from its parent's consolidated financial statements using the historical results of operations, assets and liabilities attributable to restricted entities and Greenko Solar.

Greenko Solar and the restricted entities are under the common control of the Parent. The combined financial statements have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. The indenture governing the Senior Notes requires Greenko Solar to prepare combined financial statements of Greenko Solar and restricted entities for the purpose of submission to the bond holders.

The following are the restricted entities under common control of Parent and forming part of consolidated financial statements of the Parent for the periods presented below:

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

Entity	Holding by Parent as at and for the years ended	
	31 March 2023	31 March 2022
Animala Wind Power Private Limited	100%	100%
Axis Wind Farms (MPR DAM) Private Limited	100%	100%
Everest Power Private Limited	100%	100%
Jilesh Power Private Limited	100%	100%
Saipuram Wind Energies Private Limited	100%	100%
Greenko Agar Wind Power Private Limited	100%	100%
Greenko Bercha Wind Power Private Limited	100%	100%
Greenko Charanka Solar Energy Private Limited	100%	100%
Greenko DND Wind Power Private Limited	100%	100%
Greenko Jaisalmer Wind Energy Private Limited	100%	100%
Greenko Maha Wind Energy Private Limited	100%	100%
Greenko Mamatkhedha Wind Private Limited	100%	100%
Greenko Suvaan Energy Private Limited	100%	100%
Greenko Uravakonda Wind Power Private Limited	100%	100%
SEI Green Flash Private Limited*	100%	100%
SEI Sunshine Power Private Limited*	100%	100%
SEI Solarvana Power Private Limited*	100%	100%
SEI Sooraj Renewable Energy Private Limited*	100%	100%
Skeiron Renewable Energy Kustagi Private Limited	100%	100%
Shanay Renewables Limited	100%	100%
Achintya Solar Power Private Limited	100%	100%
Grinibhrit Solar Power Private Limited	100%	100%
Suvarchas Solar Power Private Limited	100%	100%
Vishvarupa Solar Power Private Limited	100%	100%
Zuka Power Private Limited	100%	100%
Saroja Renewables Limited**	100%	100%
Vyshali Energy Private Limited**	74%	74%

*Added as restricted entities by Parent during the previous year (Refer not 3.1.(c)).

**Added as a restricted entities by Parent during the current year (Refer not 3.1.(c)).

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

These combined financial statements have been prepared in accordance with principles explained in the basis of preparation note on a carve-out basis. As IFRS, which underlines the principles, do not provide guidance for the preparation of combined financial statements, certain accounting conventions commonly used for the preparation of historical financial information have been applied in preparing the combined financial statements. The application of the specific carve-out conventions impacting the preparation of these combined 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 in these combines financial statements.

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

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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

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

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

b) Business combinations by a restricted Group III entity

For preparation of these combined financial statements, business combinations by a restricted entity as the acquirer have been accounted for using the principles of IFRS 3 Business combination except common control business combinations i.e. resulting in acquisition of business from an unrestricted entity to a restricted entity.

The Restricted Group III accounts for business combinations except those under the common control using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Restricted Group III. In determining whether a particular set of activities and assets is a business, the Restricted Group III assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

When the consideration transferred by the Restricted Group III in the business combination included assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured 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 at fair value with the corresponding gain or loss being recognised in the profit or loss.

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

c) Top Down Approach

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

Management believes that this presentation fairly reflects the financial performance of the Restricted Group III as would be seen by the users of the combined financial statements. The resultant fair value adjustments to these historical combined financial statements are presented in "Net Parent Investment". However, these adjustments do not have any impact on combined statement of cash flows.

Year ended 31 March 2023:

The Parent has designated few existing subsidiaries of the Parent, Saroja Renewables Limited and Vyshali Energy Private Limited ("New RG entities") as part of the Restricted Group on 28 March 2023. These New RG entities are operating entities with a capacity of 135.70 MW of Wind. An adjustment has been made in the combined financial statements of Restricted Group III to reflect the effect of fair value adjustments on acquisition recorded by the Parent using the Top Down Approach. The fair value adjustments recorded by Parent in accordance with IFRS 3 "Business Combinations" on acquisition of these New RG entities in past have been allocated to these New RG entities and accordingly presented in these historical combined financial statements as if it is the Restricted Group III business. The operations of these New RG entities are forming part of Restricted Group III from the date of designation of these New RG entities are restricted entities.

Details of net assets contributed by Parent to Restricted Group III are as follows:

	Parent contribution
Property, plant and equipment, net	90.04
Intangible assets, net	22.27
Net working capital	5.86
Bank deposits	1.24
Cash and cash equivalents	0.49
Deferred tax liabilities	(13.48)
Borrowings from Unrestricted Group	(14.79)
Borrowings from Restricted Group III*	(91.22)
Lease liabilities	(0.60)
Contribution of business from Parent	(0.19)

* New RG entities have discharged their debt using the funds drawn from Restricted Group III.

Year ended 31 March 2022:

The Parent has added the SEI Green Flash Private Limited, SEI Sunshine Power Private Limited, SEI Solarvana Power Private Limited and SEI Sooraj Renewable Energy Private Limited ("Solar entities") to Restricted Group III during April 2021. An adjustment has been made in the combined financial statements of Restricted Group III to reflect the effect of fair value adjustments on acquisition recorded by the Parent using the Top Down Approach. The fair value adjustments recorded by Parent in accordance with IFRS 3 "Business Combinations" on acquisition of these Solar entities in past have been allocated to Green Flash and Sunshine, Solarvana and Sooraj and accordingly presented in these historical combined financial statements as if it is the Restricted Group III business.

Details of net assets contributed by Parent to Restricted Group III are as follows:

	Total
Property, plant and equipment, net	96.09
Intangible assets, net	19.61
Borrowings from unrestricted group	(31.57)
Deferred tax liabilities	(7.40)
Borrowings from Restricted Group III*	(70.81)
Net working capital	3.31
Bank deposits	5.86
Cash and cash equivalents	1.09
Contribution of business from Parent	16.18

* Solar entities have discharged the debts from external lenders on the date of designation of these entities as restricted entities with this financial support from Restricted Group III.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

3.2 Segment reporting

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

3.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Restricted Group III initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Restricted Group III determines the transaction date for each payment or receipt of advance consideration.

c) Restricted entities

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

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

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

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Notes to the combined financial statements

3.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing cost if the recognition criteria are met. 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 entity and the cost of the item can be measured reliably. All repairs and maintenance expenditure are charged to profit or loss during the period in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Asset category	Useful life
Buildings	25 – 35 years
Plant and machinery	20 – 35 years
Furniture, fixtures and equipment	5 – 10 years
Vehicles	5 – 10 years

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

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

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

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

3.5 Intangible assets

a) Goodwill

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

b) Other intangibles

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

Asset category	Useful life
Licences	25 years
Power purchase agreements ("PPA")	15 - 25 years

Amortisation of intangible assets is included within 'Depreciation and amortisation' in profit or loss. Licences are development rights and PPAs are customer contracts acquired in business combinations and are amortised over their estimated useful lives commence from commercial operations of the project.

Notes to the combined financial statements**3.6 Impairment of non-financial assets**

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

3.7 Financial instruments**a) Recognition and initial measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Restricted Group III becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement:**Financial assets:**

On initial recognition, a financial asset is classified as measured at:

i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Restricted Group III changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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Financial liabilities:

Financial liabilities are classified as either 'financial liabilities at FVTPL' or 'financial liabilities at amortised cost'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts 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, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Business model assessment and assessment whether contractual cashflows are solely payments of principal and interest

The Restricted Group III makes an assessment of the objectives of the business model in which a financial asset is held at portfolio level because it best reflects the way business is managed and information is provided to management. The assessment of business model comprises the stated policies and objectives of the financial assets, management strategy for holding the financial assets, the risk that affects the performance etc. Further the Restricted Group III also evaluates whether the contractual cash flows are solely payment of principal and interest considering the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

c) De-recognition of financial instruments

i) Financial asset

The Restricted Group III derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Restricted Group III neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Restricted Group III enters into transaction whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liability

The Restricted Group III derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Restricted Group III also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

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Notes to the combined financial statements

d) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented when, and only when, the Restricted Group III has a legally enforceable right to set off the amount and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8 Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Restricted Group III measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. For trade receivables, the Restricted Group III applies a simplified approach in calculating ECLs. Therefore, the Restricted Group III does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs. An impairment analysis was performed at each reporting date using a provision matrix to measure Expected Credit Losses. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, ageing, current conditions and forecasts of future economic conditions.

For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised as impairment loss on trade receivables in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For all other financial assets not carried at fair value through profit or loss, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

3.9 Equity instruments

3.9.1 Classification as debt or equity

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

3.9.2 Equity instruments

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

3.10 Derivative financial instruments

The Restricted Group III enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts.

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

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3.10.1 Embedded derivatives

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

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

3.10.2 Compound instruments

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

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

The conversion option classified as equity as determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in net parent investment, net of income tax effects, and is not subsequently re-measured. The balance recognised in equity will remain in net parent investment. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

3.11 Inventories

Inventories of raw material, stores and consumables are valued at the lower of cost and net realisable value. Cost includes expenses incurred in bringing each product to its present location and condition and is determined on a weighted average basis.

3.12 Bank deposits

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

3.13 Cash and cash equivalents

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

3.14 Net parent investment

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

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Notes to the combined financial statements

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 III has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.16 Income taxes

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

Current tax

The current income tax charge is calculated on the basis of the tax laws and tax rates enacted or substantively enacted at the reporting date in the countries where the restricted entities 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. Current tax assets and liabilities are offset only if certain criteria are met.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

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

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

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Restricted Group III expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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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 III. The Restricted Group III also operates retirement benefit plans for its employees.

a) Gratuity plan

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

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

b) State administered Provident Fund

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Restricted Group III has no further obligation under the Provident Fund beyond its contribution. The Group's contribution to provident fund is charged to the profit or loss during the period in which the employee renders the related service.

c) Compensated absences

The Group also provides benefit of compensated absences to its employees which are in the nature of defined benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Re-measurement, comprising actuarial gain and losses, arising from experience adjustments and changes in actuarial assumptions are recorded in the profit or loss in the year in which such gains or losses arise.

3.18 Provisions

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

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Notes to the combined financial statements

3.19 Revenue recognition

The Restricted Group III is in the business of generation and supply of electricity. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Restricted Group III expects to be entitled in exchange for those goods or services. Revenue is measured at the transaction price of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

a) Sale of electricity

Revenue from the sale of electricity is recognised over time for the number of units of electricity exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the power purchase agreement/feed-in-tariff policy/market rates as applicable less the wheeling and banking charges applicable if any. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when it is probable that the Restricted Group III will collect the same.

The Restricted Group III considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of power, the Restricted Group III considers the effects of variable consideration and consideration payable to the customer (if any). In some PPAs, the Restricted Group III provide rebates if payment is made before the due date. To estimate the variable consideration for the expected future rebate, the Restricted Group III applies the most likely method.

b) Sale of renewable energy certificates (REC)

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

c) Generation Based Incentive (GBI)

Revenue from GBI is recognised based on the number of units exported and if the eligibility criteria is met in accordance with the guidelines issued by regulatory authority for GBI Scheme. Electricity and GBI are treated as joint products, as they are generated simultaneously.

3.20 Finance income and finance costs

The Restricted Group III's finance income include interest income, dividend income, the net gain on financial assets at FVTPL and the foreign currency gain on financial assets and financial liabilities (including derivative assets and liabilities). Finance costs include interest expense, the net loss on financial assets at FVTPL and the foreign currency gain or loss on financial assets and financial liabilities (including derivative assets and liabilities).

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

Notes to the combined financial statements

3.21 Leases

Accounting as lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Restricted Group III recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the profit or loss.

The Restricted Group III measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Restricted Group III uses incremental borrowing rate. For leases with reasonably similar characteristics, the Restricted Group III, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Restricted Group III recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Restricted Group III recognises any remaining amount of the re-measurement in of profit or loss.

The Restricted Group III has elected not to apply the requirements of IFRS 16 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Restricted Group III presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liability presented as a separate line item on face of the statement of financial position.

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. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

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Notes to the combined financial statements

3.23 Fair value measurement

The Restricted Group III measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Restricted Group III.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Restricted Group III uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Restricted Group III determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management of the Restricted Group III determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for non-recurring measurement, such as assets held for sale.

At each reporting date, the management of the Restricted Group III analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies of the Restricted Group III. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Restricted Group III has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair values. Other fair related disclosures are given in the note 10.

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Notes to the combined financial statements

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

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

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

3.25 Operating profit

The Restricted Group III has included a sub-total 'Operating Profit ('OP') in profit or loss. The Directors believe that OP is meaningful for investors because it provides an analysis of the Restricted Group III's operating results and profitability from operations. OP is used by the Restricted Group III's chief operating decision makers to track the Restricted Group III's performance of its core operations, establish operational and strategic targets and make important business decisions. OP is calculated as Earnings before interest, tax, depreciation and amortisation less depreciation and amortisation.

3.26 Current versus Non-current classification

The Restricted Group III presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Restricted Group III has identified twelve months as its operating cycle.

4. Rounding of amounts

All amounts disclosed in the combined financial statements and notes have been rounded off to the nearest million to two decimal currency units unless otherwise stated. Transactions and balances with values below the rounding off norm adapted by the Restricted Group have been reflected as '0.00' in relevant notes.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

5. Recent Accounting Pronouncements

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

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Restricted Group III has not early adopted the new or amended standards in preparing these combined financial statements.

Amendments to IAS 1, “Presentation of Financial Statements” regarding classification of liabilities as current or non-current:

On January 23, 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, “Presentation of Financial Statements”, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and that only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. In July 2021, the IASB decided to defer the effective date of these amendments to no earlier than January 1, 2024.

The following new and amended standards are not expected to have a significant impact on the Restricted Group III’s combined financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

6. Financial risk management

The Restricted Group III’s activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Restricted Group III’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Restricted Group III’s financial performance. The financial instruments of the Restricted Group III, other than derivatives, comprise borrowings, cash and cash equivalents, bank deposits, trade and other receivables, trade and other payables and lease liabilities.

6.1 Market risk

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

i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Restricted Group III are conducted in functional currency of restricted entities. The restricted entities having INR as functional currency has no significant transactions in currency other than INR. The Restricted Group III’s foreign exchange risk arises from debt investments made in Indian operations. Consequently, the Restricted Group III uses derivative financial instruments such as foreign exchange options to mitigate the risk of changes in foreign currency exchange rates. Refer note 10 for derivative contracts.

The translation of INR amounts of restricted entities into USD for the combined financial statements of Restricted Group III is only for the purpose of converting the financial statements into presentation currency and the currency differences are taken to OCI. This does not impact the Restricted Group III’s cash flow and does not expose the Restricted Group III to foreign exchange risk.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

ii) Interest rate risk

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

6.2 Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Restricted Group III is exposed to credit risk from its operating activities primarily for trade receivables, and from its investing activities, including deposits with banks, trade and other financial assets. The carrying amounts of financial assets represent the maximum credit exposure.

Trade receivables

The Restricted Group III's credit risk arises from trade receivable balances on sales to customers. In respect of trade receivables, the Restricted Group III is not exposed to any significant credit risk exposure to any single counterparty (non-government) or any group of counterparties having similar characteristics. Significant portion of Restricted Group III's revenue is derived from sales to state owned utilities and central government units under long-term power purchase agreements and hence, potential risk of default by the State utilities and central government units is remote. The restricted entities are paid monthly by the customers for electricity sales. The restricted entities assesses the credit quality of the purchaser based on its financial position and other information. The Restricted Group III also establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables. (Refer Note 11 for details of trade receivables and expected credit losses).

Other financial assets/derivative assets

Financial instruments that are subject to concentrations of credit risk, principally consist of cash and cash equivalents, bank deposits, derivative financial assets and security deposits.

Credit risk on cash and cash equivalents, bank balances, bank deposits and derivative financial assets are limited as the Restricted Group III generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Given the high credit ratings of these banks and financial institution, the Restricted Group III does not expect these banks and financial institutions to fail in meeting their obligations and hence the expected credit loss is not material.

The fair value of derivative instruments are accounted for based on the difference between the contractual price and the current market price. The fair value of these derivative instruments are the indicative amounts that the Restricted Group III is expected to receive or pay to terminate the swap counterparties at the balance sheet date.

6.3 Liquidity risk

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

The Restricted Group III's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level and to ensure sufficient liquidity to meet liabilities when they are due.

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

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

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

At 31 March 2023

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	1,110.88	40.14	500.09	565.59	12.94	1,118.76
- Interest*	18.53	60.94	60.93	74.24	1.33	197.44
Lease liabilities	2.77	0.63	0.49	1.47	1.30	3.89
Trade and other payables*	21.03	21.03	-	-	-	21.03
Other financial liabilities	84.82	32.50	32.66	23.99	-	89.15
Total	1,238.03	155.24	594.17	665.29	15.57	1,430.27

* Trade and other payables that are not financial liabilities (such as deferred income) of US\$ 7.50 million as of 31 March 2023, are not included and interest accrued US\$ 18.53 million, shown separately.

At 31 March 2022

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	1,117.94	46.26	0.09	1,068.28	14.03	1,128.66
- Interest*	15.14	52.34	61.05	136.09	1.44	250.92
Lease liabilities	2.68	0.70	0.16	0.26	2.80	3.92
Trade and other payables*	23.27	23.27	-	-	-	23.27
Other financial liabilities	113.95	32.50	32.50	56.66	-	121.66
Total	1,272.98	155.07	93.80	1,261.29	18.27	1,528.43

* Trade and other payables that are not financial liabilities (such as deferred income) of US\$ 8.13 million as of 31 March 2022, are not included and interest accrued US\$ 15.14 million, shown separately.

The entities forming part of the Restricted Group III, generate their own independent cash flows and while determining projected net cash flows, management used certain assumptions based on its current and future operations. The projected cash flows of these entities are based on the capacity utilisation and net cash generated from the existing projects, technical reports for wind, hydro and solar. The net cash flows expected to be generated from the projects shall be sufficient to meet the Restricted Group III's operating and finance costs due for payment in next 12 months.

Notes to the combined financial statements

7 Critical accounting judgements and key sources of estimating uncertainty

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

7.1 Critical judgments in applying the accounting policies

a) Functional currency of the Company

The Restricted Group III assesses functional currency at each entity level on the basis of the primary economic environment in which it operates. In determination of functional currency of the Company, the management has considered various factors including currency in which funds from financing activities (i.e issuing debt and equity instruments) are generated, significant fund outflows towards financing activity, functional currency of the Parent etc. Accordingly, the management has exercised significant judgment and determined functional currency of the Company as US\$.

b) Application of interpretation for service concession arrangements

Management has assessed applicability of IFRIC 12: Service Concession Arrangements. In assessing the applicability, the management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices, useful lives longer than PPA period, ability to terminate the PPA without significant penalties, commercial and practical ability to supply the power to alternate consumers etc. Basis such evaluation, the management has concluded that the arrangements do not meet the criteria for recognition as service concession arrangements.

c) Assessment of long-term receivables from foreign operations

The Restricted Group III has considered its investment in non-convertible debentures (NCD) of Indian subsidiaries as part of its net investment in foreign operations. The Restricted Group III has considered these receivables as long-term receivables from foreign operations, as in view of the management, the settlement of these receivables is neither planned, nor likely to occur in the foreseeable future as per the long-term strategic business model of the Greenko Group. The Group has factored the intention to extend the maturity of these NCDs for further period. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

7.2 Key sources of estimating uncertainty

a) Fair value estimation

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

The carrying value of trade receivables and other receivables and payables are assumed to approximate their fair values due to the short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Restricted Group III for similar financial instruments. The fair value of Senior notes for disclosure purpose is estimated using bond valuation method and the yield curve of the instrument listed on Singapore Stock Exchange. Refer note 10 for fair value disclosures.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

b) Contingencies

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

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

c) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 3.6, the Restricted Group III tests annually whether goodwill has suffered any impairment. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. The Restricted Group III has treated each plant as a separate CGU for goodwill impairment testing. 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. Refer note 9 for details related to impairment testing.

d) Useful life of depreciable assets

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

e) Going concern

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

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Notes to the combined financial statements

8 Property, plant and equipment

	Land	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Right-of-use assets (Refer note 27)	Capital work-in-progress	Total
Cost								
At 1 April 2021	24.14	49.70	963.51	1.51	0.26	2.13	5.18	1,046.43
Additions	2.61	-	1.54	0.97	0.99	2.81	-	8.92
Addition of entities to Restricted Group III (refer note 3.1 (c))	9.03	1.02	83.56	0.08	0.01	-	4.02	97.72
Disposals/Capitalisation	(0.40)	-	(0.14)	(0.02)	-	(0.11)	(0.79)	(1.46)
Exchange differences	(1.04)	(1.54)	(31.80)	(0.06)	(0.02)	(0.11)	(0.27)	(34.84)
At 31 March 2022	34.34	49.18	1,016.67	2.48	1.24	4.72	8.14	1,116.77
Additions	0.08	0.02	1.04	0.46	0.43	0.12	-	2.15
Addition of entities to Restricted Group III (refer note 3.1 (c))	3.08	1.74	114.05	0.53	0.11	0.71	0.40	120.62
Disposals/Capitalisation	-	-	(0.01)	-	-	-	(1.83)	(1.84)
Exchange differences	(2.68)	(3.84)	(79.41)	(0.20)	(0.11)	(0.37)	(0.63)	(87.24)
At 31 March 2023	34.82	47.10	1,052.34	3.27	1.67	5.18	6.08	1,150.46
Accumulated depreciation								
At 1 April 2021	-	2.22	108.95	0.88	0.11	0.33	-	112.49
Addition of entities to Restricted Group III (Refer note 3.1(c))	-	0.04	1.54	0.05	-	-	-	1.63
Charge for the year	-	1.60	40.49	0.27	0.05	0.57	-	42.98
Disposals	-	-	(0.01)	(0.01)	-	(0.07)	-	(0.09)
Exchange differences	-	(0.10)	(4.09)	(0.04)	-	(0.02)	-	(4.25)
At 31 March 2022	-	3.76	146.88	1.15	0.16	0.81	-	152.76
Addition of entities to Restricted Group III (Refer note 3.1(c))	-	0.42	29.79	0.19	0.06	0.12	-	30.58
Charge for the year	-	1.48	37.48	0.25	0.16	0.58	-	39.95
Disposals	-	-	(0.01)	-	-	-	-	(0.01)
Exchange differences	-	(0.33)	(12.33)	(0.09)	(0.02)	(0.07)	-	(12.84)
At 31 March 2023	-	5.33	201.81	1.50	0.36	1.44	-	210.44
Net book value								
At 31 March 2023	34.82	41.77	850.53	1.77	1.31	3.74	6.08	940.02
At 31 March 2022	34.34	45.42	869.79	1.33	1.08	3.91	8.14	964.01

Refer note 17 for assets given as pledge against borrowings and Note 28 (e) provide details of capital commitments outstanding as at 31 March 2023.

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(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

9 Intangible assets and goodwill

	Licences	Electricity PPAs	Development fee	Goodwill	Total
Cost					
At 1 April 2021	2.45	350.96	0.17	1.42	355.00
Addition of entities to Restricted Group III (refer note 3.1(c))	-	20.32	-	-	20.32
Exchange differences	(0.07)	(11.27)	(0.01)	(0.04)	(11.39)
At 31 March 2022	2.38	360.01	0.16	1.38	363.93
Addition of entities to Restricted Group III (refer note 3.1(c))	3.65	5.25	0.08	15.32	24.30
Exchange differences	(0.19)	(28.11)	(0.01)	(0.10)	(28.41)
At 31 March 2023	5.84	337.15	0.23	16.60	359.82
Accumulated amortisation					
At 1 April 2021	0.39	35.58	0.02	-	35.99
Addition of entities to Restricted Group III (Note 3.1 (c))	-	0.71	-	-	0.71
Amortisation for the year	0.10	16.33	0.01	-	16.44
Exchange differences	(0.01)	(1.38)	-	-	(1.39)
At 31 March 2022	0.48	51.24	0.03	-	51.75
Addition of entities to Restricted Group III (Note 3.1 (c))	1.07	0.95	0.01	-	2.03
Amortisation for the year	0.09	15.14	0.01	-	15.24
Exchange differences	(0.04)	(4.33)	(0.00)	-	(4.37)
At 31 March 2023	1.60	63.00	0.05	-	64.65
Net book value					
At 31 March 2023	4.24	274.15	0.18	16.60	295.17
At 31 March 2022	1.90	308.77	0.13	1.38	312.18

Amortisation charge is included under 'Depreciation and amortisation' in the combined statement of profit or loss. The average remaining amortisation period for licences is 18.12 years (31 March 2022: 19.99 years) and for electricity PPA is 18.49 years (31 March 2022: 19.42 years).

Goodwill acquired through business combinations by Parent has been allocated to each individual power generation unit or group of assets as cash generating unit ("CGU"). The recoverable amount of a CGU is determined based on value-in-use calculations. As the Restricted Group III has long-term power purchase agreements with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the project. A CGU level summary of goodwill is presented below:

	31 March 2022	Addition of entities to Restricted Group III	Exchange difference	31 March 2023
Animala Wind Power Private Limited	1.38	-	(0.10)	1.28
Vyshali Energy Private Limited	-	15.32	-	15.32
	1.38	15.32	(0.10)	16.60

Greenko Solar (Mauritius) Limited (Restricted Group III)

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Notes to the combined financial statements

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

- a) **Projected revenues** - The Restricted Group III has determined the revenues for the balance life of the project based on average plant load factor (PLF) and energy production study reports obtained by the Restricted Group III from third party technical consultants, the existing Power Purchase Agreements (PPA) with the transmission companies and other customers. The PPA is a long-term contract with agreed price per unit of power sold and the growth rates used are consistent with those contracts. In case of short-term PPAs and open access sale agreements, the growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.
- b) **Other operating costs** - These costs are estimated using the historical performance and plant maintenance activity. The estimates of other operating costs used in value-in-use calculations are consistent with those used in the Restricted Group III's business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.
- c) **Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 9.80% to 10.50%.

The Restricted Group III believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

10 Financial assets and financial liabilities

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

31 March 2023

Financial assets	Amortised cost	FVTPL	Total
Non-current			
Trade receivables (note 11)	20.05	-	20.05
Other receivables (note 12)	2.16	-	2.16
Bank deposits (note 15)	0.00	-	0.00
Derivative financial assets	-	127.83	127.83
Current			
Bank deposits (note 15)	7.69	-	7.69
Trade receivables (note 11)	117.86	-	117.86
Other receivables (note 12) ^a	0.10	-	0.10
Receivables from unrestricted group (note 29)	67.28	-	67.28
Cash and cash equivalents (note 14)	32.68	-	32.68
Total	247.82	127.83	375.65
	Liabilities at amortised cost		
Financial liabilities			
Non-current			
Borrowings (note 17)		1,070.74	
Other financial liabilities		52.32	
Trade and other payables (note 16) ^b		8.23	
Lease liabilities (note 27)		2.38	
Current			
Borrowings (note 17)		40.14	
Trade and other payables (note 16)		31.33	
Other financial liabilities		32.50	
Lease liabilities (note 27)		0.39	
Total		1,238.03	

Greenko Solar (Mauritius) Limited (Restricted Group III)

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Notes to the combined financial statements

31 March 2022

Financial assets	Amortised cost	FVTPL	Total
Non-current			
Bank deposits (note 15)	0.02	-	0.02
Derivative financial assets	-	120.93	120.93
Current			
Bank deposits (note 15)	7.61	-	7.61
Trade receivables (note 11)	207.52	-	207.52
Other receivables (note 12) ^a	1.89	-	1.89
Receivables from unrestricted group (note 29)	87.26	-	87.26
Cash and cash equivalents (note 14)	33.45	-	33.45
Total	337.75	120.93	458.68
	Liabilities at amortised cost		
Financial liabilities			
Non-current			
Borrowings (note 17)		1,071.68	
Other financial liabilities		81.45	
Trade and other payables (note 16) ^b		5.43	
Lease liabilities (note 27)		2.23	
Current			
Borrowings (note 17)		46.26	
Trade and other payables (note 16)		32.98	
Other financial liabilities		32.50	
Lease liabilities (note 27)		0.45	
Total		1,272.98	

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

The fair value of long-term borrowings approximates the carrying amount of those loans as there was no significant change in the restricted entities own credit risk during the current year.

a Other receivables that are not financial assets (such as certain advances, other receivables and prepaid expenses) of US\$15.41 million and US\$18.07 million as of 31 March 2023 and 31 March 2022, respectively, are not included.

^b Trade and other payables that are not financial liabilities, such as deferred income of US\$ 7.50 million (current US\$ 0.26 million and non-current US\$ 7.24 million) as of 31 March 2023 and US\$8.13 million as of 31 March 2022 (current US\$ 0.28 million and non-current US\$ 7.85 million), is not included.

Fair value hierarchy

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

The following table presents the fair value hierarchy of assets and liabilities of Restricted Group III:

31 March 2023

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	127.83	-	127.83
Financial liabilities				
Fixed rate borrowings (including current)	981.29	43.34	-	1,024.63
Floating rate borrowings (including current)	-	40.42	-	40.42
Other financial liabilities	-	-	84.82	84.82
31 March 2022				
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	120.93	-	120.93
Financial liabilities				
Fixed rate borrowings (including current)	1,044.06	93.58	-	1,137.64
Other financial liabilities	-	-	113.95	113.95

Measurement of fair value of financial instruments

The Greenko Group's finance team performs valuations of financial instruments 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 financial instruments categorised in Level 1,2,3 are described below:

Derivative financial assets:

The Restricted Group III entered into forward options and contracts to mitigate the foreign currency risks for debt investments in India (Refer Note 6.1). The derivative asset associated with these contracts are recognised at fair value at inception. Subsequent changes to the fair value of the financial asset from the date of inception till 31 March 2023, have been charged to profit or loss.

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

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts.

Instrument	Currency	Cross currency	Notional amount	Fair value as at 31 March 2023	Fair value as at 31 March 2022
Forward options	USD	INR	1,035.00	127.83	120.93

Other financial liabilities:

Other financial liabilities consist of premium payable on above derivative instruments. Financial liability towards premium payable is initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. Contractual undiscounted cash flows and maturities of premium payables are disclosed in note 6.3.

Borrowings:

The fair value of long-term borrowings having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Restricted Group III's own credit risk during the current year.

The fair value of Senior notes for disclosure purpose is estimated using bond valuation method and the yield curve of the instrument listed on Singapore Stock Exchange (Refer note 17.1). The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate based on market yield curve.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

11 Trade receivables

	31 March 2023	31 March 2022
Gross trade receivables	159.04	225.90
Less: Allowance for expected credit loss	(21.13)	(18.38)
	137.91	207.52
Less: Non-current portion	(20.05)	-
Current portion	117.86	207.52

All trade receivables are classified as financial assets measured at amortised cost. Trade receivables include unbilled receivables for passage of time of US\$ 3.46 million (31 March 2022: US\$ 1.77 million) and not past due US\$27.03 million (31 March 2022: US\$32.21 million). Trade receivables that are outstanding beyond the due date are considered as past due.

The ageing of trade receivables and expected credit loss are given below:

	31 March 2023	31 March 2022
Current	30.49	33.98
1 to 6 months	8.34	37.86
6 to 9 months	14.22	33.60
9 to 12 months	14.04	20.40
Beyond 12 months	91.95	100.06
Gross trade receivables	159.04	225.90
Less: Allowance for expected credit loss	(21.13)	(18.38)
Trade receivables	137.91	207.52

Significant portion of trade receivables of Restricted Group III are due from Government (State owned and Central government units). The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Restricted Group III does not hold any collateral as security.

The Ministry of Power, Govt. of India on 03 June 2022 has issued Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) to liquidate the outstanding dues of DISCOMs. Under these LPS Rules, our customers such as Andhra Pradesh and Telangana DISCOMs have agreed to clear the overdue receivables in 12 instalments from August 2022 and Madhya Pradesh, Tamil Nadu & Karnataka DISCOMs have agreed to clear their past due receivables between 34 – 48 months from August 2022.

The Restricted Group III has a provision in place to set aside an allowance to cover potential impairment and non-payment of trade receivables. An Expected Credit Loss provision has been calculated on trade receivables in accordance with IFRS 9 at each reporting date using a provision matrix under simplified approach. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, ageing, current conditions and forecasts of future economic conditions (refer note 6.2) and adjusted for forward looking information. The movements on the allowance for expected credit losses of trade receivables is shown below:

	31 March 2023	31 March 2022
As at the beginning of the year	18.38	7.48
Charge for the year	4.29	11.33
Exchange differences	(1.54)	(0.43)
Closing as at balance sheet date	21.13	18.38

12 Other receivables

	31 March 2023	31 March 2022
Other receivables	15.50	18.26
Security deposits	2.17	1.70
Total other receivables	17.67	19.96
Less: Non-current portion	(2.16)	-
Current portion	15.51	19.96

The Restricted Group III's exposure to credit risk related to financial assets are disclosed in note 6.2.

Other receivables include interest receivable on deposits and advances recoverable.

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****13 Inventories**

	31 March 2023	31 March 2022
Stores and consumables	2.08	1.26
	2.08	1.26

14 Cash and cash equivalents

	31 March 2023	31 March 2022
Cash on hand	0.07	0.01
Cash at bank	32.61	33.44
	32.68	33.45

Cash at bank includes US\$ 4.50 million (31 March 2022: US\$10.89 million) in currencies other than INR (i.e., in US\$).

15 Bank deposits

The Restricted Group III holds balances in deposit accounts with banks. All the current fixed deposits with original maturity of more than three months and less than 12 months from reporting date amounting to US\$7.69 million (31 March 2022: US\$ 7.61 million) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from reporting date amounting to US\$0.00 million (31 March 2022: US\$0.02 million) are disclosed under non-current assets. Bank deposits aggregating to US\$1.00 million (31 March 2022: US\$1.15 million) have been given as security against guarantee facilities availed from banks.

16 Trade and other payables

	31 March 2023	31 March 2022
Trade payables	10.77	9.45
Capital creditors	6.73	8.80
Interest accrued but not due on borrowings	18.53	15.14
Deferred income	7.50	8.13
Other payables	3.53	5.02
Total trade and other payables	47.06	46.54
Less: Non—current portion	(15.47)	(13.28)
Current portion	31.59	33.26

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.

Deferred income represents subsidy in the form of Viability Gap Funding (VGF) in accordance with National Solar Mission in case of few solar projects. Upon satisfaction of underlying conditions for receipt of VGF, the subsidy, recognised as deferred income, is being amortised over the useful life of the solar plant. There are no unfulfilled conditions or contingencies attached to these grants.

Given below the movement of Government grants:

	31 March 2023	31 March 2022
As at the beginning of the year	8.13	8.96
Released to the profit or loss	0.26	0.28
Exchange differences	(0.89)	(1.11)
Closing as at balance sheet date	7.50	8.13

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

17 Borrowings

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

	31 March 2023	31 March 2022
Non-current – financial liabilities measured at amortised cost		
5.55% Senior notes	496.87	495.28
5.95% Senior notes	530.25	528.99
10.25% compulsorily convertible debentures	12.94	14.03
Non-convertible Debentures	30.68	33.38
	1,070.74	1,071.68
Current – financial liabilities measured at amortised cost		
Loans from banks	40.14	46.26
	40.14	46.26
Total borrowings	1,110.88	1,117.94

17.1 In July 2019, the Company, raised funds of US\$500.00 million and US\$535.00 million by issuing 5.55% and 5.95% US\$ Senior Notes (the Senior Notes) respectively from institutional investors. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 29 January 2025 and 29 July 2026 respectively. These Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). The Company invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, the Company is duly registered as a Foreign Portfolio Investor under the Indian law. The Senior Notes are secured by corporate guarantee from Parent and pledge of shares of the Company owned by Greenko Mauritius. Non-convertible debentures issued to the Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.

17.2 Working capital loans from banks are short-term and carrying interest rate of 9%.

17.3 Everest Power Private Limited, has issued 2,500, 12.25% Non-convertible Debentures (NCD) having a face value of INR 1,000,000 each and subscribed by an Unrestricted Group entity. The maturity date of these NCDs is 29 January 2027. Interest on these NCDs will accrue and payable on maturity date.

17.4 Greenko Mamatkhedha Wind Private Limited, has issued 10,636,099, 10.25% Compulsory Convertible Debentures (CCD) having a face value of INR 100 each and subscribed by an Unrestricted Group entity. These CCDs are convertible into such number of equity shares as may be arrived on the basis of fair market value on the date of conversion or fair value on the date of issue of CCDs, whichever is higher. These CCDs are compulsorily converted into equity shares on 31 March 2029 or acquisition of majority shares (more than 50%) or control of the entity by any person (other than transfer to any holding company or subsidiary company of the Shareholders), or upon mutual agreement of the Parties.

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

	31 March 2023	31 March 2022
Indian rupee ("INR")	83.76	93.67
US Dollar ("US \$")	1,027.12	1,024.27
	1,110.88	1,117.94

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

	31 March 2023	31 March 2022
Fixed rate of interest	1,070.46	1,117.94
Variable rate of Interest	40.42	-
	1,110.88	1,117.94

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

17.7 Reconciliation of liabilities arising from financing activities:

For the year ended 31 March 2023:

	1 April 2022	Additions/ Entities added to Restricted Group III (refer note 3.1(c))	Net cash flows	Non cash changes		31 March 2023
				Foreign exchange movements	Amortisation of transaction costs	
Borrowings	1,117.94	-	(2.65)	(7.26)	2.85	1,110.88
Lease liabilities	2.68	0.72	(0.68)	(0.20)	0.25	2.77

For the year ended 31 March 2022:

	1 April 2021	Additions/ Entities added to Restricted Group III (refer note 3.1(c))	Net cash flows	Non cash changes		31 March 2022
				Foreign exchange movements	Amortisation of transaction costs	
Borrowings	1,099.99	-	17.94	(2.68)	2.69	1,117.94
Lease liabilities	0.34	2.75	(0.56)	(0.05)	0.20	2.68

18 Deferred tax liabilities

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

	31 March 2023	31 March 2022
Deferred tax liabilities		
— to be reversed beyond 12 months from reporting date	179.09	172.30
— to be reversed within 12 months	-	-
	179.09	172.30

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

	Temporary differences on tangible assets	Temporary differences on intangible assets	Others	Total
At 1 April 2021	75.43	89.63	(1.90)	163.16
Addition of entities to Restricted Group III (refer note 3.1 (c))	2.59	5.15	(0.34)	7.40
Recognised in profit or loss	11.96	(5.27)	0.43	7.12
Exchange difference	(2.71)	(2.73)	0.06	(5.38)
At 31 March 2022	87.27	86.78	(1.75)	172.30
Addition of entities to Restricted Group III (refer note 3.1 (c))	11.71	1.77	-	13.48
Recognised in profit or loss	10.98	(4.28)	0.24	6.94
Exchange difference	(7.09)	(6.67)	0.13	(13.63)
At 31 March 2023	102.87	77.60	(1.38)	179.09

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 and the Restricted Group III did not recognise the deferred tax asset of US\$ 10.63 million (31 March 2022: 11.40 million) on losses as there may not be sufficient taxable profits to offset these losses. The Restricted Group III did not recognise the deferred tax asset of US\$ 12.19 million (31 March 2022: US\$ 12.36 million) on Minimum Alternate Tax (MAT) credit entitlement in respect of certain Indian entities as there may not be sufficient future taxable profits will be available against which the Restricted Group III can use these MAT credit entitlements.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

19 Revenue

The Restricted Group III derives revenue from generation and sale of electricity. Revenues from generation based incentives is arising as a part of generation and supply of electricity.

	31 March 2023	31 March 2022
Sale of power	165.94	181.72
Generation based incentive	8.85	9.57
	174.79	191.29

All the power generation facilities of Restricted Group III are located in India and earn its revenues from customers located in India. Restricted Group III deals in a single type of product i.e. power which is sold directly to customers, largely to Government (State and Central utilities) within India under long-term power purchase agreements (PPA).

The Restricted Group III has identified supply of power over the term of PPA as a single performance obligation and revenue is recognised over time for number of units of electricity supplied in accordance with terms of PPA. There are no separate pending performance obligations as at the balance sheet to which a portion of the transaction price needs to be allocated.

Breakdown of revenue by source of generation is given below:

	31 March 2023	31 March 2022
Revenue from wind assets	108.88	120.04
Revenue from solar assets	48.34	51.42
Revenue from hydro assets	17.57	19.83
Total	174.79	191.29

Details of revenue from contracts with customers:

	31 March 2023	31 March 2022
Revenue as per contracted price	175.73	191.71
Less: Rebates	(0.94)	(0.42)
	174.79	191.29

Breakdown of revenue by concentration is given below:

	31 March 2023	31 March 2022
Revenue from Government bodies	148.95	179.95
Revenue from other than Government bodies*	25.84	11.34
Total	174.79	191.29

* Revenue from other than Government bodies includes sale of power to industrial consumers and open access sale.

20 Retirement benefit obligations

The Restricted Group III has an obligation towards defined benefit plans which includes gratuity and compensated absences of US\$0.40 million (31 March 2022: US\$0.48 million) and US\$ 0.20 million (31 March 2022: US\$0.22 million) respectively as at 31 March 2023.

The Restricted Group III makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation.

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****21 Employee benefit expense**

	31 March 2023	31 March 2022
Salaries and wages	5.02	5.43
Employee welfare expenses	0.61	0.25
Retirement benefits- defined contribution plans	0.27	0.25
Retirement benefits – defined benefit plans		
-Gratuity	0.01	0.04
-Compensated absences	0.04	0.01
	5.95	5.98

22 Cost of material and power generation expenses

Cost of material and power generation expenses for the year ended 31 March 2023 includes operation and maintenance expenditure of US\$ 11.77 million (31 March 2022: US\$ 14.62 million), consumption of inventories of US\$ 1.22 million (31 March 2022: US\$ 1.00 million), insurance expense of US\$ 2.08 million (31 March 2022: US\$ 2.33 million) and other power generation expense of US\$ 2.94 million (31 March 2022: US\$ 3.24 million).

23 Other expenses

Other expenses for the year ended 31 March 2023 includes legal and professional expense of US\$ 1.61 million (31 March 2022: US\$ 1.98 million), maintenance expense of US\$ 1.67 million (31 March 2022: US\$ 1.54 million), travelling expenses of US\$ 0.36 million (31 March 2022: US\$ 0.22 million) and others of US\$ 5.62 million (31 March 2022: US\$ 2.25 million).

24 Finance income and finance cost

	31 March 2023	31 March 2022
Finance income		
Interest on bank deposits and others	4.11	0.79
Fair value gain on derivative contracts	6.90	-
	11.01	0.79
Finance cost		
Finance cost on borrowings	73.02	73.33
Finance cost on derivative contracts	3.38	4.34
Fair value loss on derivative contracts	-	17.69
Bank charges	0.02	0.03
	76.42	95.39

25 Income tax expense

	31 March 2023	31 March 2022
Current tax	6.87	6.85
Deferred tax (note 18)	6.94	7.12
	13.81	13.97

Greenko Solar is incorporated in Mauritius having applicable income tax rate of 15%. However, all the restricted entities are based in India and are taxable as per Indian Income Tax Act, 1961. For effective tax reconciliation purposes, the applicable tax rate in India has been considered.

The restricted entities are engaged in power generation. Majority of restricted entities qualify for deduction from taxable income under section 80-IA of the Indian Income Tax Act, 1961. The exemption is only available to the projects completed on or before 31 March 2017. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these companies are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 15.00% (31 March 2022: 15.00%) plus applicable surcharge and cess.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

The Taxation Laws (Amendment) Act, 2019 has brought key changes to corporate tax rates in the Income Tax Act, 1961, which provide an option to a domestic company to pay income-tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. Based on entity specific assessment, certain restricted entities of the Restricted Group III have opted for this lower tax benefit and majority of restricted entities which are entitled for tax holiday under 80-IA of the Income Tax Act, 1961 are being continued under the old tax rate regime. For the fiscal year ended 31 March 2023, the statutory income tax rate under old tax rate regime before availing the tax holiday benefit ranges between 25% to 30% (31 March 2022: 25% to 30%) plus applicable surcharge and cess.

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

	31 March 2023	31 March 2022
Profit/ (loss) before tax	17.22	(6.54)
Tax rate applicable to restricted entities in India	26%	26%
Expected tax expense/ (benefit)	4.48	(1.70)
Expenses not deductible in determining taxable profits	0.37	-
Tax effect due to lower rate of tax applicable to certain components	(3.32)	(1.46)
Deferred tax asset not recognised on temporary differences	10.88	15.15
Minimum alternative tax by entities eligible for tax holiday period	1.40	1.98
Tax charge	13.81	13.97

26 Receivables under dispute

Receivables from APDISCOM

During the financial year 2019-20, the Government of Andhra Pradesh vide Government Order (GO) dated 1 July 2019 constituted a High Level Negotiating Committee for review and negotiation of tariff for all wind and solar energy projects in the state of Andhra Pradesh. The Southern Power Distribution Company of Andhra Pradesh Limited ("APDISCOM") had issued unilateral notices on 12 July 2019 for all wind and solar companies having Power Purchase Agreements ("PPAs") with APDISCOM for arbitrary reduction of PPA tariffs to Rs. 2.44 per unit from original agreed tariffs in the range of Rs. 4.70 to Rs. 4.84 per unit. Indian Wind Power Association and several Wind and Solar Generating companies including certain entities of Restricted Group III having PPAs with APDISCOM had approached the Hon'ble High Court of Andhra Pradesh ("AP HC").

The AP HC, vide its final judgement dated 15 March 2022, has directed the APDISCOM to release all the pending payments at the rate mentioned in the PPA within a period of six weeks from the order date. APDISCOM has filed a special leave petition ("SLP") in the Supreme Court of India against the AP HC's order which was dismissed by the Hon'ble Supreme Court of India.

In the meantime, the Ministry of Power, Govt. of India dated 03 June 2022 has issued Electricity, (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) for clearance of outstanding dues by DISCOMs in India. APDISCOM vide its letters dated 4 August 2022 has informed the entities of Restricted Group III to settle the outstanding dues (subject to certain reconciliation) upto May 2022 in 12 instalments from August 2022. In accordance with the same, the Group has received the stated amounts in 12 instalments by 5th July 2023 subject to certain deductions. The Management is confident of recovery of total outstanding dues based on above favourable orders and as per terms of PPAs.

27 Leases

Leases as lessee

The Restricted Group III leases assets like office premises and lands for development of plants. These leases typically run for a period of 3 to 25 years, with an option to renew the lease after that date. The Restricted Group III recognises right-of-use assets and lease liabilities for most leases.

The Restricted Group III leases office equipment, vehicles, IT equipment and certain office and accommodation facilities with contract term of 11 months are classified as short-term lease. Certain contracts with term of 12 months to three years for these facilities are classified as low-value lease items. The Restricted Group III has elected not to recognise right-of-use assets and lease liabilities for these leases.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

Information about leases for which the Restricted Group III is a lessee is presented below:

Right-of-use assets:

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2023:

	Lands	Buildings	Total
As at 1 April 2021	1.80	0.33	2.13
Additions	-	2.81	2.81
Exchange differences	(0.05)	(0.06)	(0.11)
Deletions	-	(0.11)	(0.11)
As at 31 March 2022	1.75	2.97	4.72
Additions	-	0.12	0.12
Addition of entities to Restricted Group (refer note 8)	0.06	0.65	0.71
Exchange differences	(0.13)	(0.24)	(0.37)
Deletions	-	-	-
As at 31 March 2023	1.68	3.50	5.18
Accumulated depreciation and impairment			
As at 1 April 2021	0.22	0.11	0.33
Charge for the year	0.10	0.47	0.57
Deletions	-	(0.07)	(0.07)
Exchange differences	(0.01)	(0.01)	(0.02)
As at 31 March 2022	0.31	0.50	0.81
Addition of entities to Restricted Group (refer note 8)	0.01	0.11	0.12
Charge for the year	0.03	0.55	0.58
Deletions	-	-	-
Exchange differences	(0.02)	(0.05)	(0.07)
As at 31 March 2023	0.33	1.11	1.44
Net book values			
As at 31 March 2023	1.35	2.39	3.74
As at 31 March 2022	1.44	2.47	3.91

The aggregate charge for the year on ROU assets is included in Depreciation and amortisation in profit or loss in the combined financial statements.

The following is the movement in lease liabilities:

	31 March 2023	31 March 2022
Opening balance	2.68	0.34
Additions	0.12	2.81
Addition of entities to Restricted Group (refer note 3.1 (c))	0.60	-
Finance cost accrued during the year	0.25	0.20
Payment of lease liabilities	(0.68)	(0.56)
Derecognised during the year	-	(0.06)
Translation difference	(0.20)	(0.05)
Closing balance	2.77	2.68
Current	0.39	0.45
Non-current	2.38	2.23

Leases not yet commenced to which Restricted Group III is committed amounts is Nil.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

The following is maturity profile of undiscounted lease payments:

	31 March 2023	31 March 2022
Less than one year	0.63	0.70
One to five years	1.96	0.42
More than five years	1.30	2.80
Total	3.89	3.92

The Restricted Group III does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The weighted average incremental borrowing rate applied to lease liabilities is 10%.

The following is the amount recognised in statement of profit and loss:

	31 March 2023	31 March 2022
Depreciation expense on right-of-use assets	0.58	0.57
Interest expense on lease liabilities	0.25	0.20
Variable lease expenses (other than short term)	-	-
Short-term lease expense	0.27	0.39
Low value lease expense	-	-

Amounts recognised in the statement of cash flows:

	31 March 2023	31 March 2022
Payment of lease liabilities	0.68	0.56

28 Commitments and contingencies

- a) During the previous year, Everest Power Private Limited (EPPL), one of the restricted entities, has received demand notices aggregating to US\$ 8.79 million from Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) towards common charges for transmission of power for the period from December 2019 to November 2021. EPPL has contested these demands at Himachal Pradesh Electricity Regulatory Commission (HPERC) as HPPTCL charged for 100% capacity of transmission line instead of proportionate share of EPPL.

During pendency of the above issue, HPERC passed an order dated 27 November 2021, which is contrary its own order dated 10 August 2021 and directed EPPL to pay 35% of demand raised by HPPTCL. Aggrieved by the said order, EPPL filed a Writ Petition before the High Court of Himachal Pradesh (HPHC) and HPHC vide its order dated 10 December 2021 stayed the order of HPERC subject to submission of a bank guarantee for US\$ 0.61 million and the same has been complied with. HPHC directed the EPPL to file the appeal before APTEL against the order of HPERC and CERC order dated 04 May 2023 for classification of transmission line as intrastate transmission line. Accordingly, appeals have been filed in APTEL and are pending in APTEL. Pending disposal of these matters, based on internal assessment and based on legal opinion, the management is confident of favourable outcome in this matter. Further, transmission charges are reimbursable from customer i.e. Punjab State Power Corporation Limited under the terms of long-term power purchase agreement.

- b) Few of the Restricted Group III power generating units in India have tax and cess disputes with the tax authorities. The Restricted Group III has appealed against the orders of authorities at appropriate levels. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US\$1.61 million (31 March 2022: US\$ 1.69 million).
- c) The restricted entities have acquired private lands for setting up wind and solar power plants. In certain cases, these acquisitions have been challenged on grounds such as unauthorised encroachment, inadequate compensation, seller not entitled to transact and/or consideration has not been paid to all legal/ beneficial owners. In these cases, the restricted entities have not received any demand for additional payment and these cases are pending at District Court/High Court Level. The management believes that the Restricted Group III has a strong case and outflow of economic resources is not probable.
- d) In addition to matters mentioned above, the Restricted Group III is subject to claims from vendors which have arisen in the ordinary course of business. Based on facts, hearings, evidences and based on legal assessments, the management believes that outflow of economic resources are not probable against these claims.

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****e) Capital commitments**

Capital expenditure contracted for as at 31 March 2023 but not yet incurred aggregated to US\$ 0.05 million (31 March 2022: US\$ Nil).

29 Related-party transactions

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

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

	31 March 2023	31 March 2022
Repayment of inter-company loans	1.76	0.15
Purchase of materials and services*	0.31	0.24
Other receivables	6.81	7.39
Interest on debentures (Refer note 17)	5.17	4.86
Contribution of net assets from Parent (refer note 3.1 (c))	(0.19)	16.18

* Represents charge for costs incurred on behalf of Restricted Group III entities, share of payroll costs and other common administrative expenses by unrestricted group. The Restricted Group III entities operate on its own and there are no other material common expenses incurred by the Parent which require allocation to this Restricted Group III.

b. Receivables (inter-company loans) from Unrestricted Group:

	31 March 2023	31 March 2022
Balance receivable	130.98	141.56
Balance payable	63.70	54.30
Net receivable	67.28	87.26

The inter-company loans are interest free and repayable on demand from Unrestricted Group.

c. Borrowings from Unrestricted Group and interest payable:

	31 March 2023	31 March 2022
10.25% Compulsorily Convertible Debentures	12.94	14.03
Non-convertible Debentures	30.41	33.38
Interest payable	9.34	6.09

d. The Parent has given corporate guarantee for the Senior Notes aggregating to US\$1,035.00 million and Greenko Mauritius has pledged the shares of the Company against Senior Notes.**e. Greenko Foundation, a non-profit organisation in which key management personnel of Parent are members of governing body.**

	31 March 2023	31 March 2022
Contribution for corporate social responsibility activities	0.10	0.15

f. Ace Urban Infocity Limited, entity in which two Directors of Parent have beneficial ownership:

	31 March 2023	31 March 2022
Corporate office lease rent	0.44	0.26
Trade payables	0.07	0.06

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

30 Segment reporting

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

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

Non-current operating assets:

	31 March 2023	31 March 2022
India	1,235.19	1,276.19

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Revenue is mainly derived from three customers who has contributed for more than 10% of total revenue of the Restricted Group III account for 29.61% (31 March 2022: 27.61%), 11.08% (31 March 2022: 12.51%) and 10.05% (31 March 2022: 10.37%), respectively.

31 Events after the reporting date

There have been no significant events after the reporting date which requires disclosures or amendments to the combined financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
GREENKO ENERGY HOLDINGS
FOR THE YEAR ENDED 31 MARCH 2023

GREENKO ENERGY HOLDINGS
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1.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREENKO ENERGY HOLDINGS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Greenko Energy Holdings and its subsidiaries (the "Group") set out on pages 4 to 53 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Group as at 31 March 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 26 July 2022.

Responsibilities of the Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENKO ENERGY HOLDINGS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GREENKO ENERGY HOLDINGS**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

Use of our report

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

David Ng Man Chuen

DAVID NG MAN CHUEN, F.C.C.A
Licensed by FRC

Date: 26 July 2023

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of financial position

	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	7	4,811.81	4,843.33
Intangible assets and goodwill	8	1,029.56	1,164.51
Equity-accounted investees	32	206.89	152.12
Trade receivables	10	49.90	-
Bank deposits	14	12.03	30.13
Derivative financial assets	9	368.77	391.20
Other investments	9	0.34	0.34
Other receivables	11	17.16	15.24
		6,496.46	6,596.87
Current assets			
Inventories	12	10.63	10.82
Trade receivables	10	385.68	672.54
Other receivables	11	35.69	34.78
Derivative financial assets	9	-	38.17
Other investments	9	0.09	0.09
Bank deposits	14	240.88	80.77
Taxation receivable		8.85	8.92
Cash and cash equivalents	13	312.34	356.82
		994.16	1,202.91
Total assets		7,490.62	7,799.78
Equity and liabilities			
Equity			
Share capital	15	2,513.99	2,437.31
Currency translation reserve		(844.78)	(481.50)
Other reserves		(2.76)	(2.76)
Retained earnings/ (Accumulated loss)		(122.74)	(154.41)
Equity attributable to owners of the Company		1,543.71	1,798.64
Non-controlling interests		8.94	11.95
Total equity		1,552.65	1,810.59
Liabilities			
Non-current liabilities			
Borrowings	17	3,890.00	3,797.79
Retirement benefit obligations	20	6.02	6.34
Other financial liabilities	9	192.30	234.61
Deferred tax liabilities, net	18	522.27	555.00
Trade and other payables	16	7.24	15.17
Lease liabilities	28	12.30	14.01
		4,630.13	4,622.92
Current liabilities			
Borrowings	17	900.20	1,028.83
Trade and other payables	16	315.39	238.85
Other financial liabilities	9	88.72	95.91
Lease liabilities	28	1.03	1.28
Taxation payable		2.50	1.40
		1,307.84	1,366.27
Total liabilities		5,937.97	5,989.19
Total equity and liabilities		7,490.62	7,799.78

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue	19	693.20	723.05
Other operating income		8.47	3.75
Cost of material and power generation expenses	22	(70.37)	(71.67)
Employee benefits expense	21	(48.80)	(33.28)
Other expenses	23	(33.66)	(35.36)
Impairment loss on trade receivables	10	(15.44)	(27.58)
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	29	-	11.33
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		533.40	570.24
Depreciation and amortisation	7&8	(217.70)	(232.92)
Operating profit		315.70	337.32
Finance income	24	49.13	7.88
Finance costs	24	(362.53)	(383.77)
		2.30	(38.57)
Share of profit from equity-accounted investees	32	54.67	22.65
Profit / (Loss) before tax		56.97	(15.92)
Income tax expense	25	(42.75)	(60.04)
Profit/ (Loss) for the year		14.22	(75.96)
Profit/ (Loss) for the year attributable to:			
Owners of the Company		17.23	(73.52)
Non – controlling interests		(3.01)	(2.44)
		14.22	(75.96)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(363.28)	(155.48)
Total other comprehensive income		(363.28)	(155.48)
Total comprehensive income		(349.06)	(231.44)
Total comprehensive income attributable to:			
Owners of the Company		(346.05)	(229.00)
Non-controlling interests		(3.01)	(2.44)
		(349.06)	(231.44)

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of changes in equity

	Ordinary shares	Currency translation reserve	Other reserves	Retained earnings/ (Accumulated loss)	Total attributable to owners of Company	Non- controlling interests	Total equity
As at 1 April 2021	2,255.16	(326.02)	(2.76)	(80.89)	1,845.49	14.39	1,859.88
Issue of ordinary shares	182.15	-	-	-	182.15	-	182.15
Transactions with owners of the Company	182.15	-	-	-	182.15	-	182.15
Loss for the year	-	-	-	(73.52)	(73.52)	(2.44)	(75.96)
Other comprehensive income	-	(155.48)	-	-	(155.48)	-	(155.48)
Total comprehensive income	-	(155.48)	-	(73.52)	(229.00)	(2.44)	(231.44)
As at 31 March 2022	2,437.31	(481.50)	(2.76)	(154.41)	1,798.64	11.95	1,810.59
Issue of ordinary shares	76.68	-	-	-	76.68	-	76.68
Share-based payments (Refer note 21)	-	-	-	14.44	14.44	-	14.44
Transactions with owners of the Company	76.68	-	-	14.44	91.12	-	91.12
Profit for the year	-	-	-	17.23	17.23	(3.01)	14.22
Other comprehensive income	-	(363.28)	-	-	(363.28)	-	(363.28)
Total comprehensive income	-	(363.28)	-	17.23	(346.05)	(3.01)	(349.06)
As at 31 March 2023	2,513.99	(844.78)	(2.76)	(122.74)	1,543.71	8.94	1,552.65

Other reserves represent adjustments resulting from changes in ownership interest of subsidiaries.

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of cash flows

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flows from operating activities			
Profit/ (Loss) before tax		56.97	(15.92)
<i>Adjustments for</i>			
Depreciation and amortisation	7&8	217.70	232.92
Finance income	24	(49.13)	(7.88)
Finance costs	24	362.53	383.77
Share-based payments	21	14.44	-
Impairment loss on trade receivables	10	15.44	27.58
Share of profit from equity-accounted investees	32	(54.67)	(22.65)
Excess of Group's interest in the fair value of acquiree's assets and liabilities over cost	29	-	(11.33)
<i>Changes in working capital</i>			
Inventories		(0.67)	(2.98)
Trade and other receivables		167.61	(138.99)
Trade and other payables		16.79	(45.11)
<i>Cash generated from operations</i>		747.01	399.41
Taxes paid		(13.53)	(10.83)
Net cash generated from operating activities		733.48	388.58
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure		(421.53)	(332.15)
Acquisition of business, net of cash and cash equivalents acquired	29	-	4.20
Investment in Equity-accounted investees		(0.10)	(15.25)
Amounts refunded by equity-accounted investees		-	(3.87)
Consideration paid for acquisitions made by subsidiaries		(2.01)	(12.28)
Bank deposits		(152.76)	91.58
Interest received		36.75	9.44
Net cash used in investing activities		(539.65)	(258.33)
C. Cash flows from financing activities			
Proceeds from issue of shares	15	76.68	182.15
Proceeds from borrowings	17.6	1,357.38	1,365.34
Repayment of borrowings	17.6	(1,337.82)	(1,411.62)
Proceeds from unwinding of derivative contracts		135.11	-
Payment of lease liabilities	28	(2.36)	(2.12)
Premium paid for derivative contracts		(95.66)	(79.07)
Interest paid (including loan restructuring costs)	24	(295.24)	(375.62)
Net cash used in financing activities		(161.91)	(320.94)
Net increase in cash and cash equivalents		31.92	(190.69)
Cash and cash equivalents at the beginning of the year	13	356.82	558.63
Exchange losses on cash and cash equivalents		(76.40)	(11.12)
Cash and cash equivalents at the end of the year	13	312.34	356.82

Refer note 17.6 for reconciliation of liabilities arising from financing activities.

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

1. General information

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

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

The Company together with its subsidiaries are in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities, captive consumers, direct sales to private customers and other electricity transmission and trading companies in India through a mix of long-term power purchase agreements (“PPA”), short-term power supply contracts and spot markets of energy exchanges. The Group holds licence to trade up to 4,000 million units of electricity per annum in the whole of India. The Group is also a part of the Clean Development Mechanism (“CDM”) process and generates and sells emissions reduction benefits such as Certified Emission Reductions (“CER”) and Renewable Energy Certificates (“REC”).

The Company together with its subsidiaries are hereinafter referred to as “the Group”. Information on the Group’s structure is provided in note 6.

The consolidated financial statements of the Group for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 26 July 2023.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

These consolidated financial statements have been prepared for the purpose of complying with financial reporting requirements under the indentures governing the Senior Notes issued by its wholly owned subsidiaries. Greenko Energy Holdings is the Parent Guarantor for Senior Notes. Refer note 17 for Senior Notes.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.2 Consolidation

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

Equity-accounted investees

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

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

Transactions eliminated on consolidation

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

2.3 Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is qualified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

c) Group companies

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

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

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

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

Asset category	Useful life
Buildings	25 – 40 years
Plant and machinery	15 – 36 years
Furniture, fixtures and equipment	5 – 10 years
Vehicles	5 - 10 years

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

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

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

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

2.6 Intangible assets

a) Goodwill

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

b) Other intangibles

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

Asset category	Useful life
Licences	14 – 40 Years
Development fee	25 Years
Power purchase agreements ("PPA")	5 - 33 Years

Amortisation of intangible assets is included within 'Depreciation and amortisation' in profit or loss. Licences are development rights and PPAs are customer contracts acquired in business combinations and are amortised over their estimated useful lives commence from commercial operations of the project.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.7 Impairment of non-financial assets

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

2.8 Financial instruments

a) Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement:

Financial assets:

On initial recognition, a financial asset is classified as measured at:

i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

b) Classification and subsequent measurement: (continued)

Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in profit or loss.

ii) Financial liabilities at amortised cost:

Financial liabilities at amortised cost (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts 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, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Business model assessment and assessment whether contractual cashflows are solely payments of principal and interest

The Group makes an assessment of the objectives of the business model in which a financial asset is held at portfolio level because it best reflects the way business is managed and information is provided to management. The assessment of business model comprises the stated policies and objectives of the financial assets, management strategy for holding the financial assets, the risk that affects the performance etc. Further the Group also evaluates whether the contractual cash flows are solely payment of principal and interest considering the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

c) De-recognition of financial instruments

i) Financial asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liability

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

d) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented when, and only when, the Group has a legally enforceable right to set off the amount and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs. An impairment analysis was performed at each reporting date using a provision matrix to measure Expected Credit Losses. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, ageing, current conditions and forecasts of future economic conditions.

For trade receivables such provisions are recorded in a separate allowance account with the loss being recognised as impairment loss on trade receivables in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For all other financial assets not carried at fair value through profit or loss, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

2.10 Equity instruments

2.10.1 Classification as debt or equity

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

2.10.2 Equity instruments

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

2.11 Derivative financial instruments

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.11 Derivative financial instruments (continued)

Embedded derivatives

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

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

2.12 Inventories

Raw material, stores and consumables

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

2.13 Bank deposits

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

2.14 Cash and cash equivalents

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

2.15 Equity

Ordinary shares are classified as equity and represent the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit or loss and other comprehensive income less dividend distribution.

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

Other reserves include all other transactions with the shareholders in their capacity as shareholders, impact of changes in the ownership interest in subsidiaries that do not result in loss of control.

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.16 Income tax expense

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

Current tax

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

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

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

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

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates and tax laws that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.17 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 Group. The Group also operates retirement benefit plans for its employees.

a) Gratuity plan

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

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

b) State administered Provident Fund

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligation under the Provident Fund beyond its contribution. The Group's contribution to provident fund is charged to the profit or loss during the period in which the employee renders the related service.

c) Compensated absences

The Group also provides benefit of compensated absences to its employees which are in the nature of defined benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Re-measurement, comprising actuarial gain and losses, arising from experience adjustments and changes in actuarial assumptions are recorded in the profit or loss in the year in which such gains or losses arise.

d) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for the differences between expected and actual outcomes.

2.18 Provisions

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.19 Revenue recognition

The Group is in the business of generation and supply of electricity. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the transaction price of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

a) Sale of electricity

Revenue from the sale of electricity is recognised over time for number of units of electricity exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the power purchase agreement/feed-in-tariff policy/market rates as applicable less the wheeling and banking charges applicable if any. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when it is probable that the Group will collect the same.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of power, the Group considers the effects of variable consideration and consideration payable to the customer (if any). In some PPAs, the Group provides rebates if payment is made before the due date. To estimate the variable consideration for the expected future rebate, the Group applies the most likely method.

b) Sale of renewable energy certificates (REC)

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

c) Generation Based Incentive (GBI)

Revenue from GBI is recognised based on the number of units exported and if the eligibility criteria is met in accordance with the guidelines issued by regulatory authority for GBI Scheme. Electricity and GBI are treated as joint products, as they are generated simultaneously.

2.20 Finance income and finance costs

The Group's finance income include interest income, dividend income, the net gain on financial assets at FVTPL and the foreign currency gain on financial assets and financial liabilities (including derivative assets and liabilities). Finance costs include interest expense, the net loss on financial assets at FVTPL and the foreign currency loss on financial assets and financial liabilities (including derivative assets and liabilities).

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

2.21 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. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.22 Leases

Accounting as lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the profit or loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the remeasurement of lease liability due to modification as an adjustment to the right-of use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in of profit or loss.

The Group has elected not to apply the requirements of IFRS 16 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liability presented as a separate line item on face of the statement of financial position.

2.23 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 Group will comply with all attached conditions.

The Group records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF is transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.24 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management of the Group determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for non-recurring measurement, such as assets held for sale.

At each reporting date, the management of the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies of the Group. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair values. Other fair related disclosures are given in the note 9.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

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

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

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

2.26 Operating profit

The Group has included a sub-total 'Operating Profit ('OP') in profit or loss. The Directors believe that OP is meaningful for investors because it provides an analysis of the Group's operating results and profitability from operations. OP is used by the Group's chief operating decision makers to track the Group's performance of its core operations, establish operational and strategic targets and make important business decisions. OP is calculated as Earnings before interest, tax, depreciation and amortisation less depreciation and amortisation.

2.27 Current versus Non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.28 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million to two decimal currency units unless otherwise stated. Transactions and balances with values below the rounding off norm adapted by the Group have been reflected as '0.00' in relevant notes.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

3. Recent Accounting Pronouncements

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

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Amendments to IAS 1, “Presentation of Financial Statements” regarding classification of liabilities as current or non-current:

On January 23, 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, “Presentation of Financial Statements”, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and that only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. In July 2021, the IASB decided to defer the effective date of these amendments to no earlier than January 1, 2024.

The following new and amended standards are not expected to have a significant impact on the Group’s consolidated financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

4. Financial risk management

The Group’s activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The financial instruments of the Group, other than derivatives, comprise borrowings, cash and cash equivalents, bank deposits, trade and other receivables, other investments, trade and other payables and lease liabilities.

4.1. Market risk

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

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Group are conducted in functional currency of its subsidiaries. The Indian entities having INR as functional currency has no significant transactions in currency other than INR. The Group’s foreign exchange risk arises from debt investments made in Indian operations. Consequently, the Group uses derivative financial instruments such as foreign exchange options and forward contracts to mitigate the risk of changes in foreign currency exchange rates. Refer note 9 for derivative financial instruments.

The translation of INR subsidiaries into US\$ for the consolidated financial statements of Group is only for the purpose of converting the financial statements into presentation currency and the currency differences are taken to OCI. This does not impact the Group’s cash flow and does not expose the Group to foreign exchange risk.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

4 Financial risk management (continued)

4.1 Market risk (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant variable interest-bearing assets other than investment in bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group considers the impact of fair value interest rate risk on investments in bank deposits are not material. The Group's interest rate risk arises from borrowings. A significant portion the Group's borrowing carries fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Group. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate profile of the Group's interest bearing borrowings are given in note 17.4.

A reasonably possible change of variable interest rates on borrowings by 50 basis points higher or lower, the post-tax profit/loss for the period would have been lower or higher by US\$ 0.96 million (31 March 2022: US\$ 2.55 million). This analysis assumes that all other variables remain constant.

4.2. Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily for trade receivables, and from its investing activities, including deposits with banks, trade and other financial assets. The carrying amount's of financial assets represent the maximum credit exposure.

Trade receivables

The Group's credit risk arises from trade receivable balances on sales to customers. In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty (non-government) or any group of counterparties having similar characteristics. Significant portion of the Group's revenue is derived from sales to state owned utilities and corporations under long-term power purchase agreements and hence, potential risk of default by the State utilities is remote. The Group also has lesser portion of trade receivables due from private parties. The Group is paid monthly by the customers for electricity sales. The Group assesses the credit quality of the purchaser based on its financial position and other information. The Group also establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables. (Refer Note 10 for details of trade receivables and expected credit losses).

Other financial assets/ derivative assets

Financial instruments that are subject to concentrations of credit risk, principally consist of cash and cash equivalents, bank deposits, derivative financial assets, receivables from equity accounted investees and security deposits.

Credit risk on cash and cash equivalents, bank balances, bank deposits and derivative assets are limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Given the high credit ratings of these banks and financial institution, the Group does not expect these banks and financial institutions to fail in meeting their obligations and hence the expected credit loss is not material.

Credit risk arising from investment in mutual funds (debt instruments) is limited and there is no collateral held against these because the counterparties are recognised financial institutions with high credit ratings assigned by the various credit rating agencies. The investments in mutual funds are valued at market price prevailing at reporting date which represents the fair value.

The fair value of derivative instruments are accounted for based on the difference between the contractual price and the current market price. The fair value of these derivative instruments are the indicative amounts that the Group is expected to receive or pay to terminate the swap counterparties at the balance sheet date.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

4 Financial risk management (continued)

4.3 Liquidity risk

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

In respect of its existing operations, the Group funds its development activities primarily through long-term loans secured against each power plant with appropriate equity contribution. The Group's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level and to ensure sufficient liquidity to meet liabilities when they are due. In respect of projects under construction, the Group ordinarily seeks to fund these projects by appropriate mix of debt and equity.

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

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

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

As at 31 March 2023:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	4,790.20	902.85	761.17	2,417.16	743.91	4,825.09
- Interest	107.94	346.77	210.62	255.20	106.93	919.52
Trade and other payables*	206.70	206.70	-	-	-	206.70
Lease liabilities	13.33	2.20	2.56	7.69	6.81	19.26
Other financial liabilities	281.02	86.58	90.79	101.04	15.15	293.56
Total	5,399.19	1,545.10	1,065.14	2,781.09	872.80	6,264.13

* Trade and other payables that are not financial liabilities (deferred income) amounting to US\$ 7.99 million are not included in maturity profile of contractual cashflows.

As at 31 March 2022:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	4,826.62	1,031.84	706.95	2,250.22	872.57	4,861.58
- Interest	69.05	287.14	200.63	353.13	159.00	999.90
Trade and other payables*	176.28	176.28	-	-	-	176.28
Lease liabilities	15.29	2.46	2.73	8.20	11.24	24.63
Other financial liabilities	330.52	96.30	77.01	147.20	30.26	350.77
Total	5,417.76	1,594.02	987.32	2,758.75	1,073.07	6,413.16

* Trade and other payables that are not financial liabilities (deferred income) amounting to US\$ 8.69 million are not included in maturity profile of contractual cashflows.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

4 Financial risk management (continued)

4.3 Liquidity risk (continued)

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

The net cash flows expected to be generated from the projects shall be sufficient to meet the Group's operating and finance costs for the next 12 months. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

5 Critical accounting judgements and key sources of estimating uncertainty

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

5.1 Critical judgments in applying the accounting policies

a) Functional currency of the Company

The Group assesses functional currency at each entity level on the basis of the primary economic environment in which it operates. The determination of functional currency of the Company involves significant judgment as the Company is an investment holding company. The management has considered various factors including the currency in which funds from financing activities (i.e issuing debt and equity instruments) are generated, significant fund outflows towards financing activity, major shareholders are global investors and its performance being measured in US\$ terms by the investors and bond holders. Accordingly, the management has exercised significant judgment and determined functional currency of the Company as US\$.

b) Application of interpretation for service concession arrangements

Management has assessed applicability of IFRIC 12: Service Concession Arrangements. In assessing the applicability, the management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices, useful lives longer than PPA period, ability to terminate the PPA without significant penalties, commercial and practical ability to supply the power to alternate consumers etc. Basis such evaluation, the management has concluded that the arrangements do not meet the criteria for recognition as service concession arrangements.

c) Assessment of long-term receivables from foreign operations

The Group has considered its investment in non-convertible debentures (NCD) of Indian subsidiaries as part of its net investment in foreign operations. The Group has considered these receivables as long-term receivables from foreign operations, as in view of the management, the settlement of these receivables is neither planned, nor likely to occur in the foreseeable future as per the long-term strategic business model of the Group. The Group has factored the intention to extend the maturity of these NCDs for further period. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

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

5.2 Key sources of estimating uncertainty

a) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses their judgment to determine an appropriate method and make assumptions that are based on market conditions existing at each reporting date. The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to the short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of Senior notes for disclosure purpose is estimated using bond valuation method and the yield curve of the instrument listed on Singapore Stock Exchange. Refer note 9 for fair value disclosures.

The Group allocates the purchase price of the acquired companies to the tangible, intangible and other assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Group to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets and fair value of property, plant and equipment. Refer note 29 for business combinations.

b) Contingencies

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

c) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 2.7, the Group tests annually whether goodwill has suffered any impairment. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. The Group has treated each plant as a separate CGU for goodwill impairment testing. 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. Refer note 8 for details related to impairment testing.

d) Useful life of depreciable assets

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

e) Going concern

As at 31 March 2023, the Group had net current liabilities of US\$ 313.68 million (31 March 2022: net current liabilities of US\$ 163.36 million).

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

6 Subsidiaries

6.1 Subsidiaries

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

	Country of incorporation	Principal business	Holding as at 31 March 2023	Holding as at 31 March 2022
Wholly owned subsidiary:				
Greenko Mauritius	Mauritius	Intermediate holding company	100%	100%
Subsidiaries of Greenko Mauritius:				
Greenko Dutch B.V.	Netherlands	Intermediate financing company	100%	100%
Greenko Solar (Mauritius) Limited	Mauritius	Intermediate financing company	100%	100%
Greenko Wind Projects (Mauritius) Ltd	Mauritius	Intermediate financing company	100%	100%
Greenko Power II Limited	Mauritius	Intermediate financing company	100%	100%
Greenko Energies Private Limited	India	Indian holding company	100%	100%
Greenko Solar Energy Private Limited	India	Indian holding company	100%	100%
Greenko AP01 IREP Private Limited	India	Generation of power	100%	100%
Greenko KA01 IREP Private Limited	India	Generation of power	100%	100%
Greenko MP01 IREP Private Limited	India	Generation of power	100%	100%
Greenko RJ01 IREP Private Limited	India	Generation of power	100%	100%
Greenko RJ02 IREP Private Limited	India	Generation of power	100%	100%
Tadas Wind Energy Private Limited	India	Generation of power	100%	100%
Skeiron Renewable Energy Amidyala Limited	India	Generation of power	100%	100%
Lalpur Wind Energy Private Limited	India	Generation of power	100%	100%
Greenko Sironj Wind Power Private Limited	India	Generation of power	54%	54%
Greenko Mamatkhedha Wind Private Limited	India	Generation of power	100%	100%
Greenko Rayala Wind Power Private Limited	India	Generation of power	100%	100%
Ratedi Wind Power Private Limited	India	Generation of power	100%	100%
Khandke Wind Energy Private Limited	India	Generation of power	100%	100%
Tanot Wind Power Ventures Private Limited	India	Generation of power	100%	100%
Saipuram Wind Energies Private Limited	India	Generation of power	100%	100%
Axis Wind Farms (MPR DAM) Private Limited	India	Generation of power	100%	100%
Ratnagiri Wind Power Projects Private Limited	India	Generation of power	100%	100%

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****6 Subsidiaries (continued)****6.1 Subsidiaries (continued)**

	Country of incorporation	Principal business	Holding as at 31 March 2023	Holding as at 31 March 2022
Subsidiaries of Greenko Mauritius: (continued)				
Fortune Five Hydel Projects Private Limited	India	Generation of power	100%	100%
Greenko Uravakonda Wind Power Private Limited	India	Generation of power	100%	100%
Greenko Suvaan Energy Private Limited	India	Generation of power	100%	100%
Devarahipparigi Wind Power Private Limited	India	Generation of power	100%	100%
Vyshali Energy Private Limited	India	Generation of power	100%	100%
Everest Power Private Limited	India	Generation of power	100%	100%
Himachal Sorang Power Private Limited	India	Generation of power	100%	100%
Greenko Anantapur Wind Power Private Limited	India	Generation of power	100%	100%

6.2 Composition of the Group

In addition to above material subsidiaries, the Group has 184 (31 March 2022: 181) subsidiaries based in India and 9 (31 March 2022: 9) subsidiaries incorporated and based in Mauritius and Singapore. The principal activity of Indian subsidiaries is owning, developing, constructing, operating and maintaining power projects. The subsidiaries incorporated outside India are primarily intermediate holding companies and intermediate financing companies.

The Group also has interest in 2 associates (31 March 2022: 1). Set out below are the details of the Group's interest in equity-accounted investee of reporting periods. Refer note 32 for details of material associates and individually immaterial associates.

		% of equity holding	
		31 March 2023	31 March 2022
1	Sikkim Urja Limited (earlier Teesta Urja Limited)	34.31%	34.31%
2	John Cockerill Greenko Hydrogen Solutions Mauritius Limited	40%	-

6.3 Restrictions

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

7 Property, plant and equipment

	Land	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Right -of -use assets (refer note 28)	Capital work-in-progress	Total
Cost								
As at 01 April 2021	102.49	356.47	4,182.70	10.58	4.28	16.94	580.71	5,254.17
Acquisition through business combination (Refer Note 29)	4.25	0.07	49.04	0.00	0.00	-	10.22	63.58
Additions	6.26	46.07	133.29	3.54	1.92	15.83	381.31	588.22
Disposals/capitalisation	(2.18)	(1.19)	(9.09)	(0.21)	(0.25)	(4.13)	(171.69)	(188.74)
Exchange differences	(3.26)	(11.58)	(129.82)	(0.38)	(0.16)	(0.71)	(16.22)	(162.13)
As at 31 March 2022	107.56	389.84	4,226.12	13.53	5.79	27.93	784.33	5,555.10
Additions	6.88	0.57	2.85	2.39	0.81	2.37	513.20	529.07
Disposals/capitalisation	(2.57)	(0.52)	(4.34)	(0.03)	(0.10)	-	-	(7.56)
Exchange differences	(8.49)	(30.44)	(329.64)	(1.11)	(0.47)	(2.23)	(71.85)	(444.23)
As at 31 March 2023	103.38	359.45	3,894.99	14.78	6.03	28.07	1,225.68	5,632.38
Accumulated depreciation								
At 01 April 2021	-	45.25	503.39	6.33	2.04	2.35	-	559.36
Charge for the year	-	11.43	166.88	1.56	0.57	2.09	-	182.53
Disposals	-	(0.98)	(7.55)	(0.18)	(0.16)	(1.38)	-	(10.25)
Exchange differences	-	(1.55)	(17.96)	(0.21)	(0.07)	(0.08)	-	(19.87)
As at 31 March 2022	-	54.15	644.76	7.50	2.38	2.98	-	711.77
Charge for the year	-	11.10	156.79	1.49	0.59	2.72	-	172.69
Disposals	-	(0.43)	(4.07)	(0.02)	(0.06)	-	-	(4.58)
Exchange differences	-	(4.47)	(53.73)	(0.62)	(0.20)	(0.29)	-	(59.31)
As at 31 March 2023	-	60.35	743.75	8.35	2.71	5.41	-	820.57
Net book values								
As at 31 March 2023	103.38	299.10	3,151.24	6.43	3.32	22.66	1,225.68	4,811.81
As at 31 March 2022	107.56	335.69	3,581.36	6.03	3.41	24.95	784.33	4,843.33

Certain borrowings at project level are secured against the present and future moveable and immovable assets of the project. During the year, the Group has capitalised borrowing costs amounting to US\$ 99.75 million (31 March 2022: US\$78.05 million) on qualifying assets during construction. The weighted average of the borrowing costs applicable to general borrowings is 9.34%. Note 26 (g) provide details of capital commitments outstanding as at 31 March 2023.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

8 Intangible assets and goodwill

	Licences	Electricity PPAs	Development fees	Goodwill	Total
As at 01 April 2021	120.41	983.65	41.93	243.38	1,389.37
Acquisition through business combination (Refer Note 29)	-	16.10	-	-	16.10
Exchange differences	(3.65)	(30.15)	(1.27)	(7.38)	(42.45)
As at 31 March 2022	116.76	969.60	40.66	236.00	1,363.02
Exchange differences	(9.12)	(75.71)	(3.18)	(18.43)	(106.44)
As at 31 March 2023	107.64	893.89	37.48	217.57	1,256.58

Accumulated amortisation and impairment

As at 01 April 2021	16.44	105.60	5.02	26.57	153.63
Amortisation for the year	4.70	43.95	1.74	-	50.39
Exchange differences	(0.58)	(3.94)	(0.18)	(0.81)	(5.51)
As at 31 March 2022	20.56	145.61	6.58	25.76	198.51
Amortisation for the year	2.16	41.24	1.61	-	45.01
Exchange differences	(1.65)	(12.29)	(0.55)	(2.01)	(16.50)
As at 31 March 2023	21.07	174.56	7.64	23.75	227.02

Net book values

As at 31 March 2023	86.57	719.33	29.84	193.82	1,029.56
As at 31 March 2022	96.20	823.99	34.08	210.24	1,164.51

Amortisation is included under 'Depreciation and amortisation' in the statement of profit or loss and other comprehensive income. The average remaining amortisation period for licences is 20.88 years and for electricity PPAs is 16.72 years.

Goodwill acquired through business combination has been allocated to each individual power generation unit as cash generating unit ("CGU"). The recoverable amount of a CGU is determined based on value-in-use calculations. As the Group has long-term power purchase agreements (PPA) with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the project. A CGU level summary of goodwill is presented below:

	31 March 2022	Impairment charge	Exchange difference	31 March 2023
Greenko Rayala Wind Power Private Limited	30.14	-	(2.35)	27.79
Sneha Kinetic Power Projects Private Limited	27.95	-	(2.18)	25.77
Tanot Wind Power Ventures Private Limited	21.43	-	(1.67)	19.76
Ratnagiri Wind Power Projects Private Limited	18.92	-	(1.48)	17.44
Fortune Five Hydel Projects Private Limited	19.70	-	(1.54)	18.16
Vyshali Energy Private Limited	16.62	-	(1.30)	15.32
Multiple units without significant goodwill	75.48	-	(5.90)	69.58
	210.24	-	(16.42)	193.82

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

8 Intangible assets and goodwill (continued)

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

- Projected revenues** - The Group has determined the revenues for the balance life of the project based on average plant load factor (PLF) and energy production study reports obtained by the Group from third party technical consultants, the existing Power Purchase Agreements (PPA) with the transmission companies and other customers. The PPA is a long-term contract with agreed price per unit of power sold and the growth rates used are consistent with those contracts. In case of short-term PPAs and open access sale agreements, the growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.
- Other operating costs** - These costs are estimated using the historical performance and plant maintenance activity. The estimates of other operating costs used in value-in-use calculations are consistent with those used in the Group's approved business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.
- Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 9.80% to 10.50%.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

9 Financial assets and liabilities

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

31 March 2023

	Amortised cost	Financial assets at FVTPL	Financial assets at FVOCI	Total
Financial assets				
Non-current				
Bank deposits (note 14)	12.03	-	-	12.03
Trade receivables (note 10)	49.90	-	-	49.90
Other receivables (note 11)	17.16	-	-	17.16
Other investments	-	-	0.34	0.34
Derivative financial assets	-	368.77	-	368.77
Current				
Other investments	-	0.09	-	0.09
Bank deposits (note 14)	240.88	-	-	240.88
Trade receivables (note 10)	385.68	-	-	385.68
Other receivables ^a (note 11)	2.60	-	-	2.60
Cash and cash equivalents (note 13)	312.34	-	-	312.34
Total	1,020.59	368.86	0.34	1,389.79

	Amortised cost	Total
Financial liabilities		
Non-current		
Borrowings (note 17)	3,890.00	3,890.00
Other financial liabilities	192.30	192.30
Trade and other payables ^b (note 16)	-	-
Lease liabilities (note 28)	12.30	12.30
Current		
Borrowings (note 17)	900.20	900.20
Trade and other payables ^b (note 16)	314.64	314.64
Other financial liabilities	88.72	88.72
Lease liabilities (note 28)	1.03	1.03
Total	5,399.19	5,399.19

Greenko Energy Holdings
(All amounts in US Dollar millions unless otherwise stated)
Notes to the consolidated financial statements
9 Financial assets and liabilities (continued)
31 March 2022

	Amortised cost	Financial assets at FVTPL	Financial assets at FVOCI	Total
Financial assets				
Non-current				
Bank deposits (note 14)	30.13	-	-	30.13
Other receivables (note 11)	15.24	-	-	15.24
Other investments	-	-	0.34	0.34
Derivative financial assets	-	391.20	-	391.20
Current				
Other investments	-	0.09	-	0.09
Bank deposits (note 14)	80.77	-	-	80.77
Trade receivables (note 10)	672.54	-	-	672.54
Derivative financial assets	-	38.17	-	38.17
Other receivables ^a (note 11)	2.32	-	-	2.32
Cash and cash equivalents (note 13)	356.82	-	-	356.82
Total	1,157.82	429.46	0.34	1,587.62

	Amortised cost	Total
Financial liabilities		
Non-current		
Borrowings (note 17)	3,797.79	3,797.79
Trade and other payables ^b (note 16)	6.48	6.48
Other financial liabilities	234.61	234.61
Lease liabilities (note 28)	14.01	14.01
Current		
Borrowings (note 17)	1,028.83	1,028.83
Trade and other payables (note 16)	238.85	238.85
Other financial liabilities	95.91	95.91
Lease liabilities (note 28)	1.28	1.28
Total	5,417.76	5,417.76

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

^a Other receivables that are not financial assets (such as certain advances and other receivables, prepaid and advance for purchase of equity) of US\$ 33.09 million and US\$ 32.46 million as of 31 March 2023 and 31 March 2022, respectively, are not included.

^b Trade and other payables that are not financial liabilities (such as deferred income) of US\$ 7.99 million and US\$8.69 million as of 31 March 2023 and 31 March 2022, respectively, are not included.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****9 Financial assets and liabilities (continued)****Fair value hierarchy**

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

The following table presents the fair value hierarchy of assets and liabilities of the Group:

31 March 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value				
Other investments	0.09	-	0.34	0.43
Derivative financial assets	-	368.77	-	368.77
Financial liabilities:				
Measured at amortised cost				
Fixed rate borrowings (including current)	3,283.44	519.41	-	3,802.85
Floating rate borrowings (including current)	-	675.44	-	675.44
Other financial liabilities	-	-	281.02	281.02

31 March 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value				
Other investments	0.09	-	0.34	0.43
Derivative financial assets	-	429.37	-	429.37
Financial liabilities:				
Measured at amortised cost				
Fixed rate borrowings (including current)	3,783.93	712.06	-	4,495.99
Floating rate borrowings (including current)	-	263.38	-	263.38
Other financial liabilities	-	-	330.52	330.52

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

9 Financial assets and liabilities (continued)

Measurement of fair value of financial instruments:

The Group's finance team performs valuations of financial instruments 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 financial instruments categorised in Level 1,2,3 are described below:

Derivative financial assets:

The Group entered into forward options and contracts to mitigate the foreign currency risks for debt investments in India (Refer Note 4.1). The derivative asset associated with these contracts are recognised at fair value at inception. Subsequent changes to the fair value of the financial asset from the date of inception till 31 March 2023, have been charged to profit or loss.

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

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts.

Instrument	Currency	Cross currency	Notional amount as at 31 March 2023	Notional amount as at 31 March 2022	Fair value as at 31 March 2023	Fair value as at 31 March 2022
Forward options	US\$	INR	3,022.50	3,207.50	368.77	429.37
			3,022.50	3,207.50	368.77	429.37

Other investments:

The fair values of investments in mutual fund units (debt instruments) is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

Other financial liabilities:

Other financial liabilities consists of premium payable on forward contracts and options. Financial liability towards premium payable is initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. Contractual undiscounted cash flows and maturities of premium payables are disclosed in note 4.3.

Borrowings:

The fair value of long-term borrowings having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Group's own credit risk during the current year.

The fair value of Senior notes for disclosure purpose is estimated using bond valuation method and the yield curve of the instrument listed on Singapore Stock Exchange (Refer note 17.5). The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate based on market yield curve.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****10 Trade receivables**

	31 March 2023	31 March 2022
Gross trade receivables	513.55	740.75
Less: Allowance for expected credit loss	(77.97)	(68.21)
	435.58	672.54
Less: Non-current portion*	49.90	-
Current portion	385.68	672.54

* Net of discounting.

All trade receivables are classified as financial assets measured at amortised cost. Trade receivables include unbilled receivables for passage of time of US\$ 16.83 million (31 March 2022: US\$ 5.85 million) and not past due US\$ 91.63 million (31 March 2022: US\$ 112.06 million). Trade receivables that are outstanding beyond the due date are considered as past due.

The ageing of trade receivables and expected credit loss are given below:

	31 March 2023	31 March 2022
Current	108.46	117.91
1 to 6 months	27.58	127.35
6 to 9 months	39.96	102.13
9 to 12 months	47.98	52.96
Beyond 12 months	289.57	340.40
Gross trade receivables	513.55	740.75
Less: Allowance for expected credit loss	(77.97)	(68.21)
Trade receivables	435.58	672.54

Concentration of trade receivables is significant for the Group's receivables that are due from Government (Central and State-owned entities) as only lesser portion is from corporates and private parties. The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Ministry of Power, Govt. of India on 03 June 2022 has issued Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) to liquidate the outstanding dues of DISCOMs. Under these LPS Rules, our customers such as Andhra Pradesh and Telangana DISCOMs have agreed to clear the overdue receivables in 12 instalments from August 2022 and Madhya Pradesh, Tamil Nadu & Karnataka DISCOMs have agreed to clear their past due receivables between 34 – 48 months from August 2022.

The Group has a provision in place to set aside an allowance to cover potential impairment and non-payment of trade receivables. An Expected Credit Loss provision has been calculated on trade receivables in accordance with IFRS 9 at each reporting date using a provision matrix under simplified approach. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, ageing, current conditions and forecasts of future economic conditions (refer note 2.9 and 4.2) and adjusted for forward looking information. The movements on the allowance for expected credit losses of trade receivables is shown below:

	31 March 2023	31 March 2022
As at the beginning of the year	68.21	39.06
Charge for the year	15.44	27.58
Exchange differences	(5.68)	1.57
Closing as at balance sheet date	77.97	68.21

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****11 Other receivables**

	31 March 2023	31 March 2022
Other receivables	8.51	12.23
Advance for expenses	26.97	21.35
Sundry deposits	17.36	16.43
Advance for purchase of equity	0.01	0.01
Total other receivables	52.85	50.02
Less: Non-current portion	(17.16)	(15.24)
Current portion	35.69	34.78

The Group's exposure to credit risk related to financial assets are disclosed in note 4.2.

Other receivables include interest receivable on deposits and other recoverable.

12 Inventories

	31 March 2023	31 March 2022
Stores and consumables	9.86	9.95
Raw materials	0.77	0.87
	10.63	10.82

13 Cash and cash equivalents

	31 March 2023	31 March 2022
Cash on hand	0.31	0.33
Cash at bank	312.03	356.49
	312.34	356.82

Cash at bank of the Group includes US\$ 42.17 million (31 March 2022: US\$ 36.28 million) in currencies other than INR (i.e., in US\$, SGD and EURO).

14 Bank deposits

The Group holds balances in deposit accounts with banks. All fixed deposits with original maturity of more than three months and less than 12 months from the reporting date amounting to US\$ 240.88 million (31 March 2022: US\$ 80.77 million) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from the reporting date amounting to US\$ 12.03 million (31 March 2022: US\$ 30.13 million) are disclosed under non-current assets. Bank deposits aggregating to US\$ 152.58 million (31 March 2022: US\$ 55.34 million) have been given as security against debt service coverage and guarantees.

Bank deposits include US\$ 25.00 million (31 March 2022: US\$ 14.05 million) in currencies other than INR (i.e., in US\$).

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

15 Share capital

	31 March 2023	31 March 2022
Issued and fully paid with no par value		
1,179,316,861 (31 March 2022: 1,160,546,129) Class A shares	2,513.99	2,437.31
7,044,000 (31 March 2022: 7,044,000) Class B2 Performance shares	0.00	0.00
Total	2,513.99	2,437.31

Shareholders holding Class A ordinary shares are entitled to dividends as declared from time to time. Holders of Class A shares are entitled to one vote per share at the general meetings of the Company.

Class B2 performance shares are not entitled for dividends and are also not entitled for voting rights. Further Class B2 performance shareholders are not entitled to participate in the net assets on liquidation of the Company.

- During May 2019 (as amended in March 2021) the Company has entered into definitive agreements (“Amended and Restated Rights Issue Deed”) with its shareholders Cambourne Investment Pte Limited, Platinum Rock B 2014 RSC Limited and Greenko Ventures Limited for subscription of 404,628,335 Class A ordinary shares at subscription price and drawdown contemplated in Amended and Restated Rights Issue Deed. Cambourne Investment Pte Limited and Green Rock B 2014 Limited have subscribed to 176,500,000 rights shares till 31 March 2022.
- During May 2019, the Company has entered into a Promoter Incentive Deed with GVL Management Services Limited, wherein the Company has issued 21,132,000 Class B2 performance shares in consideration for a subscription amount of US\$ 1. On 5 March 2021, 14,088,000 Class B2 performance shares were converted into Class A shares pursuant to and in accordance with the terms of the agreement. Refer note 21, approval for conversion of 3,522,000 Class B2 performance shares into Class A shares.
- During May 2019, the Company granted a right to subscribe 101,634,576 shares to Greenko Ventures Limited (“GVL”) at any time during the warrant period at the price contemplated in warrant deed entered between the shareholders of the Company. On 5 March 2021, GVL has subscribed to 32,311,786 shares.
- During March 2023 the Company entered into a new rights issue deed with its shareholders Cambourne Investment Pte Limited, Platinum Rock B 2014 RSC Limited, ORIX Corporation, Greenko Ventures Limited, GVL Management Services Limited and Horizontes Capital Partners Limited for subscription of 170,731,707 Class A ordinary shares at subscription price and drawdown contemplated in rights issue deed. The Company has received subscription for 18,770,732 rights shares in March 2023.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

16 Trade and other payables

	31 March 2023	31 March 2022
Trade payables	38.43	30.78
Capital creditors	90.20	58.80
Interest accrued but not due on borrowings	107.94	69.05
Cost of acquisition payable	44.76	47.53
Deferred income	7.99	8.69
Other payables	33.31	39.17
Total trade and other payables	322.63	254.02
Less: Non-current portion	(7.24)	(15.17)
Current portion	315.39	238.85

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

Deferred income represents subsidy in the form of Viability Gap Funding (VGF) in accordance with National Solar Mission in case of few solar projects. Upon satisfaction of underlying conditions for receipt of VGF, the subsidy, recognised as deferred income, is being amortised over the useful life of the solar plant. There are no unfulfilled conditions or contingencies attached to these grants.

Given below the movement of Government grants:

	31 March 2023	31 March 2022
As at the beginning of the year	8.69	9.51
Released to the profit or loss	0.26	0.28
Exchange differences	(0.96)	(1.10)
Closing as at balance sheet date	7.99	8.69

17 Borrowings

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

	31 March 2023	31 March 2022
Non-current – Financial liabilities measured at amortised cost		
Term loans from banks	65.21	115.02
Term loans from financial institutions	312.64	338.29
3.85% Senior Notes {Refer Note 17.5 (a)}	851.82	878.84
4.875% Senior Notes {Refer Note 17.5 (b)}	-	496.46
5.55% Senior Notes {Refer Note 17.5 (c)}	496.87	495.28
5.95% Senior Notes {Refer Note 17.5 (c)}	530.25	528.99
4.30% Senior Notes {Refer Note 17.5 (e)}	891.63	944.91
5.50% Senior Notes {Refer Note 17.5 (f)}	741.58	-
	3,890.00	3,797.79
Current – Financial liabilities measured at amortised cost		
Term loans from banks	330.63	437.06
Term loans from financial institutions	23.17	27.02
6.25% Senior Notes {Refer Note 17.5 (d)}	-	433.50
3.85% Senior Notes {Refer Note 17.5 (a)}	28.20	28.20
4.30% Senior Notes {Refer Note 17.5 (e)}	55.00	45.00
Corporate loan {Refer Note 17.5 (d)}	423.15	-
Working capital loans	40.05	58.05
	900.20	1,028.83
Total borrowings	4,790.20	4,826.62

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

17 Borrowings (continued)

- 17.1 Term loans from banks and financial institutions mature over the financial years 2024 to 2040 and bear rates of interest in the range of 8.25% to 13.70%.
- 17.2 Term loans from banks and financial institutions are secured against first charge by way of hypothecation of all immovable properties including plant and machinery and all other movable properties both present and future of respective subsidiary. Some of the loans are also secured by pledge of shares of subsidiaries and corporate guarantees within the Group. Working capital loans are secured by trade receivables. Additionally, the borrowings are also secured by lien on bank deposits amounting to US\$ 84.85 million (31 March 2022: US\$ 24.42 million).
- 17.3 The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 March 2023	31 March 2022
Indian Rupee (INR)	771.70	975.44
US Dollar (US\$)	4,018.50	3,851.18
	4,790.20	4,826.62

- 17.4 The carrying amounts of the Group's borrowings are denominated in the following nature:

	31 March 2023	31 March 2022
Fixed rate of interest	4,114.76	4,563.24
Variable rate of Interest	675.44	263.38
	4,790.20	4,826.62

17.5 Notes and Senior Notes

- a) In July 2017, Greenko Dutch B.V., raised funds to the tune of US\$350.00 million and US\$650.00 million by issuing 4.875% and 5.25% US\$ Senior Notes respectively from institutional investors. These notes were refinanced by Greenko Dutch B.V. on 29 March 2021 through issuance of 3.85% US\$ Senior Notes to the tune of US\$940.00 million with maturity on 29 March 2026 (the Senior Notes) and listed these Senior Notes on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Dutch B.V. invested earlier issue proceeds in non-convertible debentures of certain Indian subsidiaries. For this purpose, Greenko Dutch B.V. is duly registered as a Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears along with 1.5% of mandatory amortisation redemption on semi-annual basis. The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of Greenko Dutch B.V. owned by Greenko Mauritius. Non-convertible debentures issued to Greenko Dutch B.V. by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.
- b) Greenko Investment Company ("Greenko Investment"), a subsidiary of Greenko Mauritius, raised funds to the tune of US\$500.00 million by issuing 4.875% US\$ Senior Notes (the Senior Notes) to institutional investors in August 2016. The Senior Notes were listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries. For this purpose, Greenko Investment is duly registered as Foreign Portfolio Investor under the Indian law. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount was payable on 16 August 2023. The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of Greenko Investment owned by Greenko Mauritius. Further, the assets of Indian subsidiaries have been pledged to secure non-convertible debentures by Indian subsidiaries through an Indian trustee. The Group has repaid these Senior Notes on 27 March 2023.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

17 Borrowings (continued)

17.5 Notes and Senior Notes (continued)

- c) In July 2019, Greenko Solar (Mauritius) Limited ("GSML"), raised funds of US\$500.00 million and US\$535.00 million by issuing 5.55% and 5.95% US\$ Senior Notes (the Senior Notes) respectively from institutional investors. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 29 January 2025 and 29 July 2026 respectively. These Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue and as permitted under law, Greenko Solar (Mauritius) Limited invested issue proceeds, net of issue expenses, in non-convertible debentures of certain Indian subsidiaries to enable repayment of existing Rupee debt. For this purpose, Greenko Solar (Mauritius) Limited is duly registered as a Foreign Portfolio Investor under the Indian law. The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of Greenko Solar (Mauritius) Limited owned by Greenko Mauritius. Non-convertible debentures issued to Greenko Solar (Mauritius) Limited by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.
- d) In August 2019, Greenko Mauritius, raised funds of US\$435.00 million by issuing 6.25% US\$ Senior Notes (the Senior Notes) from institutional investors. The Senior Notes were listed on Singapore Exchange Securities Trading Limited (SGX-ST). The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount was payable on 21 February 2023. The Group has repaid these Senior Notes in 21 February 2023.

During Feb 2023, Greenko Mauritius has availed a loan facility of US\$425.00 million from different financial institutions for refinancing of Senior Notes repaid on 21 February 2023. These loan facilities are secured by corporate guarantee of the Company. The initial term of loan facility is 12 months from the date of utilisation and extendable upto 18 months at the request of Greenko Mauritius. The interest on the loan facility is payable on quarterly basis for the first six months from the date of utilisation and on monthly basis for subsequent period.

- e) In December 2021, Greenko Power II Limited ("GPIL"), raised funds to the tune of US\$1,000.00 million by issuing 4.30% US\$ Senior Notes due 2028 (the Senior Notes) from institutional investors for repayment of existing Rupee debt of certain Indian operating subsidiaries. The interest on the Senior Notes is payable on a semi-annual basis in arrears along with structured mandatory amortisation redemption on semi-annual basis. These Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). The Senior Notes are secured by corporate guarantee of the Company and pledge of shares of GPIL owned by Wind Power Projects (Mauritius) Ltd. Rupee Denominated Bonds issued to GPIL by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.
- f) On 06 April 2022, Greenko Wind Projects (Mauritius) Ltd, raised funds to the tune of US\$ 750 million by issuing 5.50% US\$ Senior Notes due 2025 from institutional investors for repayment of existing project rupee debt and for further capital expenditure in relation to the standalone pumped storage project being developed by Greenko AP01 IREP Private Limited. The interest on the Senior Notes is payable on a semi-annual basis in arrears. These Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). The Senior Notes are secured by corporate guarantee of the Company. Non-convertible debentures issued to Greenko Wind Projects (Mauritius) Ltd by Greenko AP01 IREP Private Limited are secured by pledge of assets of Greenko AP01 IREP Private Limited through an Indian trustee. Further, as per the terms of the senior notes, the Company has an option for early redemption subject to the conditions specified in the instrument.
- g) The Group's borrowings are subject to maintaining certain financial covenants as defined by the debt funders. The Group has complied with all the financial covenants during the year.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

17.6 Reconciliation of liabilities arising from financing activities:

	As at 1 April 2022	Proceeds during the year	Repayment during the year	Non-cash changes		As at 31 March 2023
				Foreign Exchange movements	Transaction costs/ accrued	
Borrowings	4,826.62	1,357.38	(1,337.82)	(73.26)	17.28	4,790.20
Lease liabilities (note 28)	15.29	0.17	(2.36)	(1.18)	1.41	13.33

	As at 1 April 2021	Proceeds during the year	Repayment during the year	Additions through business combinations	Non-cash changes		As at 31 March 2022
					Foreign Exchange movements	Transaction costs/ accrued	
Borrowings	4,846.12	1,365.34	(1,411.62)	45.63*	(43.60)	24.75	4,826.62
Lease liabilities (note 28)	7.18	9.41	(2.12)	-	(0.42)	1.24	15.29

* net of inter-company borrowings amounting to US\$ 27.31 million.

18 Deferred tax liabilities

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

	31 March 2023	31 March 2022
Deferred tax liabilities		
— to be reversed beyond 12 months from reporting date	522.27	555.00
— to be reversed within 12 months	-	-
	522.27	555.00

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

	Temporary differences on tangible assets	Temporary differences on intangible assets	Others	Total
At 01 April 2021	315.75	270.08	(56.94)	528.89
Acquisition through business combination (Refer Note 29)	0.44	4.05	(1.06)	3.43
Recognised in profit or loss	49.99	(14.61)	4.20	39.58
Exchange difference	(10.79)	(7.75)	1.64	(16.90)
At 31 March 2022	355.39	251.77	(52.16)	555.00
Recognised in profit or loss	34.08	(12.49)	(10.08)	11.51
Exchange difference	(30.23)	(18.89)	4.88	(44.24)
At 31 March 2023	359.24	220.39	(57.36)	522.27

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 and the Group did not recognise the deferred tax asset of US\$ 52.35 million (31 March 2022: US\$ 61.72 million) on losses as there may not be sufficient taxable profits to offset these losses. The Group did not recognise the deferred tax asset of US\$ 70.09 million (31 March 2022: US\$ 62.22 million) on Minimum Alternate Tax (MAT) credit entitlement in respect of certain Indian entities as there may not be sufficient future taxable profits will be available against which the Group can use these MAT credit entitlements.

Greenko Energy Holdings

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Notes to the consolidated financial statements

19 Revenue

The Group derives revenue from generation and sale of electricity. Revenues from sale of renewable energy certificates and generation based incentives are arising as a part of generation and supply of electricity.

	31 March 2023	31 March 2022
Sale of power	665.35	685.36
Sale of renewable energy certificates	2.67	9.20
Generation based incentive	25.18	28.49
	693.20	723.05

All the power generation facilities of the Group are located in India and earn its revenues from customers located in India. The Group deals in a single type of product i.e. power which is sold directly to customers, largely to Government (State utilities), within India under long-term power purchase agreements (PPA).

The Group has identified supply of power over the term of PPA as a single performance obligation and revenue is recognised over time for number of units of electricity supplied in accordance with terms of PPA. There are no separate pending performance obligations as at the balance sheet to which a portion of the transaction price needs to be allocated.

Breakdown of revenue by source of generation is given below:

	31 March 2023	31 March 2022
Revenue from wind assets	377.54	418.09
Revenue from solar assets	197.74	209.08
Revenue from hydro assets	117.92	95.88
Total	693.20	723.05

Breakdown of revenue by concentration is given below:

	31 March 2023	31 March 2022
Revenue from Government bodies	548.96	628.19
Revenue from other than Government bodies*	144.24	94.86
Total	693.20	723.05

* Revenue from other than Government bodies includes sale of power to industrial consumers and open access sale.

Revenue is mainly derived from two customers who has contributed for more than 10% of total revenue of the Group and they account for 19.92% (31 March 2022: 20.10%) and 10.93% (31 March 2022: 10.96%), respectively.

20 Retirement benefit obligations

The Group has an obligation towards defined benefit plans which includes gratuity and compensated absences of US\$ 4.41 million (31 March 2022: US\$ 4.52 million) and US\$ 1.61 million (31 March 2022: US\$ 1.82 million) respectively.

The Group makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Group expects to contribute US\$ 0.96 million towards the gratuity plan for the year ending 31 March 2024.

21 Employee benefit expense

	31 March 2023	31 March 2022
Salaries and wages	29.94	30.49
Share-based payments (refer note below)	14.44	-
Employee welfare expenses	2.10	1.04
Retirement benefits (defined contribution plans)	1.34	1.28
Retirement benefits (defined benefit plans):		
-Gratuity	0.70	0.41
-Compensated absences	0.28	0.06
	48.80	33.28

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

21 Employee benefit expense (continued)

Share-based payments:

During the year ended 31 March 2020, the Company has issued 21,132,000 Class B2 performance shares at consideration of US\$ 1 to GVL Management Services Limited (“GMSL”), a company in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest. These Class B2 Performance shares (“Performance shares”) are not entitled to any dividends and distributions as declared from time to time and also not confer any voting rights. GMSL is entitled to convert these Class B shares into Class A Shares if and to the extent that the Group achieves certain financial targets such as EBITDA performance hurdles for the financial years ended 31 March 2019, 2020 and 31 March 2021, separately, and the valuation performance hurdle as set out in the Promoter Incentive Deed entered on 23 May 2019. The fair value of said performance shares has been determined using the price at which Class A shares have been allotted to all the other existing shareholders on the date of grant.

The Group had achieved the EBITDA performance hurdle for the financial year ended 31 March 2019 and valuation hurdle during the financial year ended 31 March 2021. Accordingly, on 5 March 2021, 14,088,000 Class B2 performance shares pertaining to EBITDA performance hurdle for the financial year ended 31 March 2021 and valuation performance hurdle were converted into Class A shares.

During the year, in the Board meeting held in January 2023, the Board has considered the events causing the shortfall in EBITDA performance hurdle for the year ended 31 March 2020 and has approved the conversion of 3,522,000 Class B2 performance shares. The Board has considered the unforeseen and uncontrollable events such as COVID-19, lock downs, restrictions on businesses and public activities which resulted into huge reduction in electricity consumption and forcing the utilities to curtail the power during the financial year ended 31 March 2020. Accordingly, the Group has recognised share-based payments costs to the extent performance shares were approved for conversion. The Group did not achieve the EBITDA performance hurdle for the financial year ended 31 March 2021.

22 Cost of material and power generation expenses

Cost of material and power generation expenses for the year ended 31 March 2023 includes operation and maintenance expenditure of US\$ 43.02 million (31 March 2022: US\$ 44.74 million), consumption of inventories of US\$ 6.70 million (31 March 2022: US\$ 6.32 million), insurance expense of US\$ 7.97 million (31 March 2022: US\$ 8.93 million) and other power generation expenses of US\$ 12.68 million (31 March 2022: US\$ 11.68 million).

23 Other expenses

Other expenses for the year ended 31 March 2023 includes legal and professional expense of US\$ 7.03 million (31 March 2022: US\$ 10.88 million), travelling of US\$ 3.17 million (31 March 2022: US\$ 1.88 million) and others of US\$ 23.46 million (31 March 2022: US\$ 22.60 million).

24 Finance income and costs

	31 March 2023	31 March 2022
Finance income		
Foreign exchange gain	0.51	0.52
Interest on bank deposits	19.76	7.34
Fair value gain on derivative contracts	28.85	-
Dividend from units of mutual funds	0.01	0.02
	49.13	7.88
Finance costs		
Finance cost on borrowings	348.92	308.07
Finance cost on derivative instruments	8.82	8.92
Fair value loss on derivative contracts	4.56	35.42
Loan restructuring costs*	-	31.05
Bank charges	0.23	0.31
	362.53	383.77

* During the previous year, Greenko Power II Limited has issued Senior Notes for repayment of existing Rupee debt of certain Indian operating subsidiaries (Refer note 17.5 (e)). Loan restructuring costs amounted to US\$ 31.05 million represents the cost of prepayment, notice period interest and unamortised transaction costs of existing Rupee Debt of operating subsidiaries.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****25 Income tax expense**

	31 March 2023	31 March 2022
Current tax	31.24	20.46
Deferred tax (note 18)	11.51	39.58
	42.75	60.04

Greenko Energy Holdings is incorporated in Mauritius having applicable income tax rate of 15%. However, the group's significant operations are based in India and are taxable as per Indian Income Tax Act, 1961. For effective tax reconciliation purposes, the applicable tax rate in India has been considered. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	31 March 2023	31 March 2022
Profit/ (Loss) before tax	56.97	(15.92)
Tax rate applicable to entities in Group operating in India	26%	26%
Expected tax expense/ (benefit)	14.81	(4.14)
Tax effect of:		
Share of profit from equity-accounted investees and bargain purchase	(14.10)	(8.83)
Share-based payments	3.74	-
Effect of tax rate in other jurisdictions (Mauritius and Singapore)	0.31	0.49
Expenses not deductible in determining taxable profits	15.35	8.49
Deferred tax asset not recognised on temporary differences	11.87	52.30
Minimum alternative tax by entities eligible for tax holiday period	10.58	11.73
Others	0.19	-
Tax charge	42.75	60.04

The Indian subsidiaries of the Group are engaged in power generation. Majority of the Indian subsidiaries qualify for deduction from taxable income under section 80-IA of the Indian Income Tax Act, 1961. The exemption is only available to the projects completed on or before 31 March 2017. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these companies are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 15.00% (31 March 2022: 15.00%) plus applicable surcharge and cess.

The Taxation Laws (Amendment) Act, 2019 has brought key changes to corporate tax rates in the Income Tax Act, 1961, which provide an option to a domestic company to pay income-tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. Based on entity specific assessment, certain operating entities of the Group have opted for this lower tax benefit and majority of Indian operating subsidiaries which are entitled for tax holiday under 80-IA of the Income Tax Act, 1961 are being continued under the old tax rate regime. For the fiscal year ended 31 March 2023, the statutory income tax rate under old tax rate regime before availing the tax holiday benefit ranges between 25% to 30% (31 March 2022: 25% to 30%) plus applicable surcharge and cess.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

26 Commitments and contingencies

The commitments and contingencies of the Group for the year 31 March 2023 and 31 March 2022 are:

- a) A few of the Group's power generating units in India have income tax disputes, indirect tax disputes, cess and water tax disputes with the tax authorities. The Group has appealed against the orders at appropriate levels. The Group has been successful in obtaining favourable orders in few cases. The tax authorities have appealed against these orders. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US\$ 19.34 million (31 March 2022: US\$ 19.66 million).
- b) Greenko Budhil Hydro Power Private Limited (Greenko Budhil), one of the subsidiaries of the Company, had received demand notices aggregating to US\$ 5.68 million (31 March 2022: US\$ 6.16 million) from various government authorities in relation to duty drawback and common costs for transmission lines for the period November 2011 to May 2012. Greenko Budhil has contested these demands at various levels. Pending disposal of these matters, based on internal assessment and based on legal opinion, the Group is confident of favourable outcomes in these matters. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle these disputes.

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

- c) Himachal Sorang Power Private Limited (HSPPL) has entered into a Bulk Power Transmission Agreement (BPTA) with Power Grid Corporation of India Limited (PGCIL) for power transmission. HSPPL would bear its share of applicable transmission charges as agreed in consideration for long term open access. Due to force majeure events in the year 2015, the commercial operations were not started by HSPPL. PGCIL has filed a petition on 14 February 2017, with the Central Electrical Regulatory Commission ("CERC") for recovery of transmission charges amounting to US\$ 3.56 million as on 31 January 2017 towards its claim for transmission charges and CERC vide its order dated 26 September 2017 held that PGCIL is entitled to recover its demand. HSPPL filed an appeal before Appellate Tribunal for Electricity (APTEL) against CERC order dated 26 September 2017 and the matter is pending with APTEL. During the pendency of the said Appeal, PGCIL raised a revised demand of US\$ 8.13 million vide its letter / notice dated 15 November 2018. Aggrieved by the said letter /notice of PGCIL, HSPL filed an application in the appeal seeking stay of main order dated 26 September 2017 and seeking directions to PGCIL not take any coercive steps against HSPL. APTEL vide orders dated 30 November 2018, 18 December 2018 and 21 December 2018 directed PGCIL not to take any coercive steps against HSPL until further orders. Appeal is pending for hearing before APTEL.

HSPPL has given a letter to PGCIL for relinquishment of BPTA on 21 October 2017 and the relinquishment was granted on 31 October 2017. Further PGCIL has issued a notice on 30 December 2019 for demanding US\$ 5.37 million towards its claim for relinquishment charges. HSPPL has filed the appeal with APTEL and the matter is pending with APTEL. In similar appeal filed by another long-term customer of PGCIL, APTEL vide its order dated 28 February 2020 held that invoices would be raised only after determination of the petition before the CERC and notice given to appellant should not consider as invoice/demand. Based on the facts and events and based on the legal opinion of an independent counsel, the management believes that the Group has a strong case and outflow of economic resources is not probable in both the cases with PGCIL.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

26 Commitments and contingencies (continued)

- d) During the previous year, Everest Power Private Limited (EPPL), one of the subsidiaries of the Company, has received demand notices aggregating to US\$ 8.79 million from Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) towards common charges for transmission of power for the period from December 2019 to November 2021. EPPL has contested these demands at Himachal Pradesh Electricity Regulatory Commission (HPERC) as HPPTCL charged for 100% capacity of transmission line instead of proportionate share of EPPL.

During pendency of the above issue, HPERC passed an order dated 27 November 2021, which is contrary its own order dated 10 August 2021 and directed EPPL to pay 35% of demand raised by HPPTCL. Aggrieved by the said order, EPPL filed a Writ Petition before the High Court of Himachal Pradesh (HPHC) and HPHC vide its order dated 10 December 2021 stayed the order of HPERC subject to submission of a bank guarantee for US\$ 0.61 million and the same has been complied with. HPHC directed the EPPL to file the appeal before APTEL against the order of HPERC and CERC order dated 04 May 2023 for classification of transmission line as intrastate transmission line. Accordingly, appeals have been filed in APTEL and are pending in APTEL. Pending disposal of these matters, based on internal assessment and based on legal opinion, the Group is confident of favourable outcome in this matter. Further, transmission charges are reimbursable from customer i.e. Punjab State Power Corporation Limited under the terms of long-term power purchase agreement.

- e) The Group have acquired private lands for setting up wind and solar power plants. In certain cases, these acquisitions have been challenged on grounds such as unauthorised encroachment, inadequate compensation, seller not entitled to transact and/or consideration has not been paid to all legal/ beneficial owners. In these cases, the Group has not received any demand for additional payment and these cases are pending at District Court/High Court Level. The management believes that the Group have a strong case on merits and outflow of economic resources is not probable.
- f) In addition to matters mentioned above, the Group is subject to claims and litigations which have arisen in the ordinary course of business. Based on facts, hearings, evidences and based on legal assessments, the management believes that outflow of economic resources are not probable against these claims and litigations. It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of various litigations against which resolution is pending and it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

g) Capital commitments

Capital expenditure contracted for as at 31 March 2023 but not yet incurred aggregated to US\$ 908.58 million (31 March 2022: US\$ 999.78 million).

27 Other disputes

(a) Receivables from APDISCOM

During the financial year 2019-20, the Government of Andhra Pradesh vide Government Order (GO) dated 1 July 2019 constituted a High Level Negotiating Committee for review and negotiation of tariff for all wind and solar energy projects in the state of Andhra Pradesh. The Southern Power Distribution Company of Andhra Pradesh Limited ("APDISCOM") had issued unilateral notices on 12 July 2019 for all wind and solar companies having Power Purchase Agreements ("PPAs") with APDISCOM for arbitrary reduction of PPA tariffs to Rs. 2.44 per unit from original agreed tariffs in the range of Rs. 4.70 to Rs. 4.84 per unit. Indian Wind Power Association and several Wind and Solar Generating companies including certain subsidiaries of the Group having PPAs with APDISCOM had approached the Hon'ble High Court of Andhra Pradesh ("AP HC").

The AP HC, vide its final judgement dated 15 March 2022, has directed the APDISCOM to release all the pending payments at the rate mentioned in the PPA within a period of six weeks from the order date. APDISCOM has filed a special leave petition ("SLP") in the Supreme Court of India against the AP HC's order which was dismissed by the Hon'ble Supreme Court of India.

In the meantime, the Ministry of Power, Govt. of India dated 03 June 2022 has issued Electricity, (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) for clearance of outstanding dues by DISCOMs in India. APDISCOM vide its letters dated 4 August 2022 has informed the subsidiaries of the Group to settle the outstanding dues (subject to certain reconciliation) upto May 2022 in 12 instalments from August 2022. In accordance with the same, the Group has received the stated amounts in 12 instalments by 5th July 2023 subject to certain deductions. The Management is confident of recovery of total outstanding dues based on above favourable orders and as per terms of PPAs.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

27 Other disputes (continued)

(b) Receivables for GUVNL

Certain subsidiaries of the Group (“Wind SPVs”) acquired during the year ended 31 March 2021 had entered into long term power purchase agreement (“PPA”) with Gujarat Urja Vikas Nigam Limited (“GUVNL”). These Wind SPVs have been supplying power under PPAs to GUVNL and collecting dues on a timely manner up to 31 October 2018.

However, GUVNL has held back payments for the billing period from 01 November 2018 till 14 October 2019 to the Wind SPVs on account of certain outstanding dues by other Infrastructure Leasing and Financial Services Limited group entities (“IL&FS Group”) to GEB Provident Fund Trust. GUVNL is the administrator of GEB Provident Fund Trust. These Wind SPVs were part of IL&FS Group upto 14 October 2019. The total dues outstanding for the period from 01 November 2018 to 14 October 2019 is US\$ 22.09 million. These Wind SPVs entities were neither the guarantor nor the party to the transactions between other IL&FS Group entities and GEB Provident Fund Trust since beginning. Orix Corporation, Japan has acquired 51% stake of these entities on 15 October 2019 from IL&FS Group (Prior to 15 October 2019, Orix Corporation has held 49% shareholding). GUVNL has started releasing payments for supply of power from 15 October 2019 onwards i.e. from the date of ceasing to be part of IL&FS Group.

These Wind SPVs, as part of IL&FS Group, had filed applications with Gujarat Electricity Regulatory Commission (“GERC”) on 8 April 2019 to recover the outstanding dues withheld by GUVNL. However, in the case of one of the SPVs, GERC vide its order dated 8 July 2019 dismissed the application filed on the grounds that GERC cannot entertain the application in view of the pending proceedings before National Company Law Appellate Tribunal (“NCLAT”), being the regulator for Insolvency and Bankruptcy Code (“IBC”) proceeding of IL&FS Group and directed the applicant to approach NCLAT. These Wind SPVs accordingly preferred applications with NCLAT on 27 August 2019 stating that any set off of the dues by GUVNL is in violation of an earlier interim order by NCLAT on 15 October 2018 in relation to the IL&FS Group pending proceedings. The NCLAT vide order dated 26 September 2019, had directed GUVNL to release the amounts due to these Wind SPVs by 23 October 2019.

Meanwhile, ORIX Corporation has acquired 51% shareholding of these Wind SPVs on 15 October 2019 from IL&FS Group. Since the applications by these Wind SPVs filed at NCLAT were prior to the Orix Corporation acquisition, in view of the subsequent developments the NCLAT has on 23 October 2019, allowed withdrawal of the said application as these entities ceased to be part of IL&FS Group from 15 October 2019 with the liberty to approach the appropriate forum as per law. Accordingly, an appeal has been filed by one of the Wind SPV with Appellate Tribunal for Electricity (APTEL) in New Delhi on 9 December 2019 against the GERC order dated 8 July 2019 to recover the outstanding dues withheld by GUVNL. The APTEL vide its order 5 April 2022 set aside the GERC order dated 8 July 2019 and directed GERC to hear the matters afresh after taking into subsequent developments and to pass necessary orders. GERC vide its order dated 17 January 2023 directed GUVNL to pay amounts claimed by these Wind SPVs under invoices for the supply of power based on the PPAs between the parties. GUVNL has filed appeal against the order of GERC in APTEL and are pending for hearing.

Based on the Group’s assessment and legal view obtained in this matter, considering the fact that there is no basis for GUVNL not to comply with its contractual obligation to pay the bills for supply of power and legal grounds referred by NCLAT vide its order dated 26 September 2019 and recent GERC order, the Management is of the view that amounts unilaterally withheld by GUVNL are legally not tenable and is confident of obtaining a favourable order for recovery of the outstanding amounts.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Leases

Group

Leases as lessee

The Group leases assets like office premises and lands for development of plants. These leases typically run for a period of 3 to 25 years, with an option to renew the lease after that date. The Group recognises right-of-use assets and lease liabilities for most leases.

The Group leases office equipment, vehicles, IT equipment and certain office and accommodation facilities with contract term of 11 months are classified as short-term lease. Certain contracts with term of 12 months to three years for these facilities are classified as low-value lease items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets:

Following are the changes in the carrying value of right of use assets:

	Lands	Buildings	Total
Recognised on 01 April 2021	10.73	6.21	16.94
Additions	2.88	12.95	15.83
Deletions	-	(4.13)	(4.13)
Exchange differences	(0.37)	(0.34)	(0.71)
As at 31 March 2022	13.24	14.69	27.93
Additions	2.22	0.15	2.37
Exchange differences	(1.08)	(1.15)	(2.23)
Deletions	-	-	-
As at 31 March 2023	14.38	13.69	28.07
Accumulated depreciation and impairment			
As at 01 April 2021	0.96	1.39	2.35
Charge for the year	0.51	1.58	2.09
Deletions	-	(1.38)	(1.38)
Exchange differences	(0.04)	(0.04)	(0.08)
As at 31 March 2022	1.43	1.55	2.98
Charge for the year	1.01	1.71	2.72
Deletions	-	-	-
Exchange differences	(0.13)	(0.16)	(0.29)
As at 31 March 2023	2.31	3.10	5.41
Net book values			
As at 31 March 2023	12.07	10.59	22.66
As at 31 March 2022	11.81	13.14	24.95

The aggregate charge for the year on ROU assets is included in Depreciation and amortisation in profit or loss in the consolidated financial statements.

The following is the movement in lease liabilities:

	31 March 2023	31 March 2022
Opening balance	15.29	7.18
Additions	0.17	12.95
Finance cost accrued during the year	1.41	1.24
Payment of lease liabilities	(2.36)	(2.12)
Derecognised during the year	-	(3.54)
Translation difference	(1.18)	(0.42)
Closing balance	13.33	15.29
Current	1.03	1.28
Non-current	12.30	14.01

Leases not yet commenced to which Group is committed amounts is Nil.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Leases (continued)

The following is maturity profile of undiscounted lease payments:

	31 March 2023	31 March 2022
Less than one year	2.20	2.46
One to five years	10.25	2.73
More than five years	6.81	19.44
Total	19.26	24.63

The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The weighted average incremental borrowing rate applied to lease liabilities is 9% to 10%.

The following is the amount recognised in statement of profit and loss:

	31 March 2023	31 March 2022
Depreciation expense on right-of-use assets	2.72	2.09
Interest expense on lease liabilities	1.41	1.24
Variable lease expenses (other than short term)	-	-
Short-term lease expense	0.71	1.27
Low value lease expense	-	-

Amounts recognised in the statement of cash flows:

	31 March 2023	31 March 2022
Payment of lease liabilities	2.36	2.12

29 Business combinations

During the previous year:

The Group through its subsidiaries had acquired 49% shareholding in SEI Renewable Energy Private Limited, SEI Jyotishwaroop Power Private Limited and SEI Ravikiran Energy Private Limited from SunEdison Group in earlier years (collectively referred as “Solar entities”). These entities are operating entities with a capacity of 90 MW. On 17 November 2021, the Group has acquired the balance 51% shareholding of these Solar entities by assuming debt on the acquisition date pursuant to the conditions being met in October 2021, the Group obtained the control through 100% shareholding and control over the Board. The Group has assessed whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has concluded that the acquired set is a business.

The Group has accounted for the above transactions under IFRS 3, “Business Combinations” in the consolidated financial statements. Details of purchase consideration, fair value of the acquiree’s assets and liabilities arising from the acquisition and goodwill/ bargain purchase are given below:

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

	Solar entities
Property, plant and equipment	63.58
Intangible assets (customer contracts)	16.10
Trade receivables	0.36
Loans and advances	6.37
Cash and cash equivalents	4.20
Borrowings	(72.94)
Trade and other payables	(2.90)
Deferred tax liability	(3.43)
Net assets	11.34
Purchase consideration:	
- Consideration paid	0.00
- Advance for purchase of equity	0.01
Total purchase consideration	0.01
Fair value of net assets acquired	11.34
Excess of group’s interest in the fair value of acquiree’s assets and liabilities over cost	(11.33)

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

29 Business combinations (continued)

Net cash outflow on account of business combinations

	Solar entities
Total purchase consideration	0.00
Cash and cash equivalents	(4.20)
Net cash inflow on acquisitions	(4.20)

Excess of group's interest in the fair value of acquiree's assets and liabilities over cost is on account of Seller's exit from the above entities and bilateral negotiations between parties which has resulted into gain of US\$ 11.33 million.

Revenue from operations and loss from the date of acquisition from these entities is US\$ 2.90 million and US\$ 0.41 million, respectively. If the acquisitions had occurred on 1 April 2021, the amount of revenue and loss from these entities would have been US\$ 7.78 million and US\$ 0.33 million, respectively.

The trade receivables comprise gross contractual amounts due of US\$ 0.36 million which are expected to be fully recoverable as at the date of acquisition.

Costs associated with acquisition are not significant and have been included in other operating expenses in profit or loss.

Measurement of fair values:

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Plant, property and equipment - Replacement Cost Method. Represents the theoretical cost of current labor and materials necessary to construct or acquire a new asset of similar utility to the subject asset. Similar utility refers to similar economic satisfaction. That is, the substitute is comparable in terms of its utility to the owner, but it is not necessarily an exact duplicate.

Intangible assets (Power Purchase Agreements) - Multi Period Excess Earnings Method ("MEEM"). Power Purchase Agreements (PPAs) are long-term customer contracts having a term of 20 to 25 years. The MEEM is commonly used when a reliable direct measurement of future economic benefits generated by an intangible asset is not possible. The method takes a 'residual approach' to estimating the income that an intangible is expected to generate. It generally starts with the total expected income streams for a business or group of assets as whole and deducts charges for all the other assets used to generate income with the intangible asset under review during its economic life.

30 Capital Management

The Group being in a capital intensive industry, its objective is to maintain a strong capital base to sustain future growth of the business. The Group's capital requirement is mainly to fund its capacity expansion and strategic acquisitions.

The Group sets the amount of capital required on the basis of long-term operating plans for development of new power plants and acquisitions opportunities identified by the Group. On annual basis, the Group prepares a model to evaluate the necessary funding required and fund the development activities primarily through long-term loans secured against each power plant with appropriate equity contribution. The Group is not subject to any externally imposed capital requirements.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****31 Related-party transactions**

- a) Cambourne Investment Pte Limited, an affiliate of GIC Private Limited (“GIC”) is considered as the Holding Company of the Group and GIC is the Ultimate Holding Company. Abu Dhabi Investment Authority (“ADIA”) and Orix Corporation, Japan held the shareholding of 14.34% and 20.23%, respectively as on 31 March 2023. Further, Greenko Ventures Limited, GVL Management Services Limited and Horizontes Capital Partners Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest, holds 8.28% shareholding of the Company as on 31 March 2023.
- b) The following transactions were carried out with related parties:

Key management compensation

	31 March 2023	31 March 2022
Short-term employee benefits		
Mr. Om Prakash Bhatt	0.25	0.25
Mr. Kunnasagaran Chinniah	0.08	0.08
Mr. Nassereddin Mukhtar Munjee	0.08	0.08
Mr. Mark Gainsborough	0.07	0.07
Mr. Hidetake Takahashi	0.05	-
	0.53	0.48
	31 March 2023	31 March 2022
Share-based payments		
GVL Management Services Limited (Refer note 21)	14.44	-
	14.44	-

Greenko Foundation, a non-profit organisation in which key management personnel are members of governing body:

	31 March 2023	31 March 2022
Contribution for corporate social responsibility activities	0.56	1.30

Ace Urban Infocity Limited, entity in which Non-Executive Directors have beneficial ownership:

	31 March 2023	31 March 2022
Corporate office lease rent	1.95	1.55
Trade payables	0.32	0.38

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

32 Equity-accounted investees

	31 March 2023	31 March 2022
Sikkim Urja Limited		
(earlier Teesta Urja Limited)	206.80	152.12
John Cockerill Greenko Hydrogen Solutions Mauritius Limited	0.09	-
	206.89	152.12

Details of Material Associates:

During January 2020, the Company through its wholly owned subsidiaries, Greenko Power Projects (Mauritius) Limited and Greenko Energies Private Limited, entered into definitive purchase agreements with certain shareholders of Sikkim Urja Limited (earlier Teesta Urja Limited) for acquisition of 34.31% shareholding of Sikkim Urja Limited, which has the underlying asset of 1,200 MW of Hydro power project in North Sikkim, India. On 2 February 2021, the Group had acquired 30.16% shareholding from few shareholders post the regulatory approvals and accordingly the Group determined that it has significant influence w.e.f. 2 February 2021. Further the Group has completed the acquisition of balance 4.15% in August 2021.

The following table summarises the financial information of Sikkim Urja Limited, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Sikkim Urja Limited.

	Group	
	31 March 2023	31 March 2022
Percentage of ownership interest	34.31%	34.31%
Non-current assets	1,468.28	1,597.76
Current assets	136.43	180.00
Non-current liabilities	(940.68)	(1,240.51)
Current liabilities	(103.13)	(96.45)
Net assets (100%)	560.90	440.80
Group's share of net assets	192.44	151.24
Exchange differences	14.36	0.88
Carrying amount of interest in associate	206.80	152.12
Revenue	383.38	350.68
Profit for the year	158.04	69.23
Other comprehensive income	(0.02)	(0.08)
Total comprehensive income for the year	158.02	69.15
Group's Share of profit from equity-accounted investees	54.67	22.65

33 Subsequent events

There have been no significant events after the reporting date which requires disclosures or amendments to the consolidated financial statements.

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

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements and the related notes thereto of Greenko Energy Holdings ("Parent Guarantor") and the Audited Combined Financial Statements and the related notes thereto of Greenko Dutch B.V. ("Restricted Group"), , Greenko Solar (Mauritius) Limited ("Restricted Group III"), Greenko Power II Limited ("Restricted Group IV") and Greenko Wind Projects (Mauritius) Limited (Restricted Group V) for the year ended 31 March 2023 (FY2023).

Overview

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

As of 31 March 2023, our portfolio of wind, solar and hydro assets consisted of 5,299.3 MW, comprising 24 operational hydropower projects with a total installed capacity of 589.4 MW, 58 operational wind energy projects with a total installed capacity of 3,172.0 MW and 53 operational solar energy projects with a total installed capacity of 1,537.9 MW.

We are developing Standalone Pump Storage Projects (SPSP) with a total capacity of 43 GWh/day across four states of India. Currently, the Pinnapuram SPSP of 10.8 GWh/day in the state of Andhra Pradesh is in advanced stage and the other three projects, each in the states of Karnataka, Madhya Pradesh and Rajasthan, are in the pre-construction phase with a total capacity of 33 GWh/day. The SPSPs are expected to be connected to the national grid forming a cloud storage network and providing access to services which help harness the power of solar and wind resources with digitally connected storage infrastructure to provide scheduled and flexible power. The Pinnapuram SPSP is expected to be operational by end of 2023.

We are holding 34.31% shareholding of Sikkim Urja Limited (*earlier Teesta Urja Limited*) ("SUL"). SUL owns and operates a 1,200 MW hydropower project in the state of Sikkim. In the twelve months ended March 31, 2023, the project generated 6,142 million units of power (FY 2022: 6,258 million units).

Factors Affecting our Results of Operations

Impact of Weather and Seasonality

The performance of each of our projects is measured by its average plant load factor ("PLF"), which is the project's actual generation output as a percentage of its installed capacity over a period of time.

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

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

Unlike the resources for our wind energy projects and hydropower projects which are concentrated in specific regions and sensitive to the monsoon season, solar power generation is viable across India throughout most of the year as India ranks among the highest irradiation-receiving countries in the world. The energy output performance of our solar energy projects is dependent in part on the amount of sunlight and the ambient temperatures. As a result, our revenue in the past has been impacted by rains and sunlight. Our solar energy output decreases in monsoon seasons due to less sunlight whereas it increases during winter and summer months. Typically, our revenue is the lowest from June to September and highest from January to March of any given fiscal year.

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

Our assets portfolio consists of wind, hydro and solar spread across the geography in India. Hence our revenues are constant over the period irrespective of seasonality and weather conditions.

Significant Recent Growth

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

In FY2023 and the twelve months ended March 31, 2022 ("FY2022"), we generated 11,766.0 GWh and 11,385.6 GWh of power, respectively.

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

A key driver of our results of operations is our ability to bring new projects into commercial operation successfully. As of 31 March 2023, we had wind, solar and hydro operational projects with a combined installed capacity of 5,299.3 MW. We are constructing four Standalone Pump Storage Projects with a total capacity of 43 GWh/day across four states of India with national grid connectivity. Our under-construction projects also include interests in two hydropower projects and one wind energy project having a combined licensed capacity of 106.5 MW. Our under-active development projects include interests in eight hydropower projects having a combined licensed capacity of 417.0 MW. Our operating results will, in part, depend upon our ability to transition these projects into commercial operations in accordance with our existing construction budgets and schedules.

Operation of Our Projects

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

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

Power Purchase Agreements

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

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

Capital Expenditure Costs

Demand for qualified labor and components in our industry have increased over the last few years. This has led to increases in the costs of construction and maintenance of power generation projects. Capital expenditure is necessary to construct, maintain and/or improve the operating conditions of our projects and meet prudential operating standards. Future costs will be highly dependent on the cost of components and availability of contractors that can perform the necessary work to construct, maintain and/or improve our projects.

Exchange Rate Fluctuations

The Consolidated Financial Statements and the Restricted Group Combined Financial Statements are presented in U.S. dollars. We have raised equity and significant portion of our debt outside India which is always in U.S. dollar and the functional currency of our operating subsidiaries in India is Indian Rupees and they generate revenues in Indian Rupee. Accordingly, the results of operations of the Parent Guarantor and the Restricted Groups will be impacted by the strength of the U.S. dollar as measured against the Indian Rupee due to translational effects. To the extent that the Indian Rupee strengthens or weakens against the U.S. dollar, the Parent Guarantor's consolidated and the Restricted Group's combined, results of operations presented in U.S. dollar will improve or decline, respectively. In addition, we have made borrowings denominated in U.S. dollars and we invested the same in Indian operating entities, in respect of which we are exposed to foreign currency exchange risk. The results of operations of the Parent Guarantor and the Restricted Group may be affected if there is significant fluctuation among those currencies.

Government Policies and Initiatives

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

These regulatory initiatives have contributed to demand for clean energy generally and therefore for power generated by our clean energy projects. Regulations also contribute to the revenue received for the power our projects generate. The support for clean energy has been strong in recent years, and the Government of India has periodically reaffirmed its desire to sustain and strengthen that support with a target to achieve net zero by 2070. Central Electricity Authority released the revised National Electricity Plan which targets a total installed capacity of 900 GW by 2031-32, more than double from the current capacity of 418 GW. Of this Solar, Wind and PSP are expected to contribute 40% (364 GW), 14% (122 GW) and 3% (27 GW), respectively.

Additional regulatory requirements could contribute to increases in demand for clean energy and/or to increases in power prices. For example, the aim of the Indian Government is for 62% of India's energy requirements to be derived from renewable energy sources by FY2030 and the Renewable Purchase Obligation ("RPO") is one of the regulatory measures implemented to ensure the achievement of this goal.

To this end, distribution companies of a state, open access consumers and captive consumers are obligated to purchase a certain percentage of their power from renewable sources under the RPO rules. Further, the distribution companies are also obligated to purchase a certain percentage of their power from hydropower sources under the HPO rules, which can be met through purchase of power through SPSPs.

The Ministry of Power pursuant to the order dated January 29, 2021, regularised Hydro Power Obligation ("HPO") in which it revised the trajectory of non-solar renewable purchase obligations ("RPOs"). In case DISCOMs are unable to meet these HPO obligations, they will be required to purchase the corresponding amount of Hydro Energy Certificates ("HEC") capping price of Rs. 5.50 per unit of electrical energy with effect from March 8, 2019 to March 31, 2021 and with annual escalation of 5% thereafter for compliance.

Ministry of Power (MoP) has issued Carbon Credit Trading Scheme, 2023, which aims to decarbonize the Indian economy by pricing GHG emissions through trading of Carbon credits. The scheme will align with the International Carbon registries. This provides a good platform for establishing carbon credits for our Pumped Storage Projects (PSPs).

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

Financing Requirements

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

Principal Statement of profit or loss and other comprehensive income items

The following is a brief description of the principal line items that are included in the statement of profit or loss and other comprehensive income in the consolidated financial statements and combined financial statements:

Revenue

Our revenue consists of the sale of power, the sale of renewable energy certificates (“RECs”) and Generation Based Incentive (“GBI”).

Revenue from the sale of electricity is recognised over time for number of units of electricity exported in accordance with joint meter readings undertaken with transmission companies at the rates prevailing on the date of export as determined by the power purchase agreement/feed-in-tariff policy/market rates as applicable less the wheeling and banking charges applicable if any. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when it is probable that the Group will collect the same.

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

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

Electricity, RECs and GBI are treated as joint products, as they are generated simultaneously.

Other Operating Income

Other operating income refers to income from activities other than normal business operations and includes profit or loss on sale and disposal of assets, claims against OEM contractors, insurance claims, amortization of grants, fee incidental to business etc.

Cost of Material and Power Generation Expenses

Cost of material and power generation expenses generally include the consumption of stores and spares, operation and maintenance expenses, insurance costs and plant-related direct expenses.

Employee Benefits Expense

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

Other Expenses

Other expenses include office administration expenses, rent for short-term leases, travelling expenses, professional charges, communication charges, internet expenses, stationery expenses, rates and taxes.

Impairment Loss on Trade Receivables

In accordance with IFRS 9, we have implemented the expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets. Financial assets at amortized cost include trade receivables including unbilled receivables, other receivables, security deposits, bank deposits and cash and cash equivalents.

Allowance for ECL has been calculated in line with requirements under IFRS 9. Our trade receivables have no significant financing component, so we have used the simplified method for providing for these under IFRS 9. Therefore, the impairment loss is measured at lifetime ECL. An impairment analysis was performed at each reporting date using a provision matrix to measure ECL and adjusted for forward looking information. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, ageing, current conditions and forecasts of future economic conditions.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows or intention to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under our recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Impairment of Non-Financial Assets

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

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

Excess of our interest in the fair value of acquiree's assets and liabilities over cost represents value which we gained in an acquisition due to our bilateral negotiations and also on account of seller's exit from operations resulted into gain.

Depreciation and Amortization

Depreciation in value of tangible assets

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

Asset Category	Useful Life
Buildings	25-40 years
Plant and machinery	15-36 years
Furniture, fixtures and equipment	5-10 years
Vehicles.....	5-10 years

Amortization and impairment in value of intangible assets

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

Asset Category	Useful Life
Licenses	14-40 years
Development fee.....	25 years
PPAs.....	5-33 years

Finance Income

Finance income comprises of interest income, dividend income, the net gain on financial assets at FVTPL and the foreign currency gain on financial assets and financial liabilities (including derivative assets and liabilities). Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Finance Costs

Finance costs comprises of interest expense, finance cost on lease liabilities, the net loss on financial assets at FVTPL and the foreign currency loss on financial assets and financial liabilities (including derivative assets and liabilities). Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

Share of Profit/(Loss) from Equity-Accounted Investees

Share of profit/(loss) from equity-accounted investees represents our share of profit or loss attributable to the entities for which we hold a minority interest.

Income tax expense

Taxation represents the provision of income tax for our subsidiaries in India towards current and deferred taxes. Substantially all of our operations are based in India and are taxable as per Indian Income Tax Act, 1961. Majority of our Indian subsidiaries qualify for deduction from taxable income under section 80-IA of the Indian Income Tax Act, 1961. The exemption is only available to the projects completed on or before 31 March 2017. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these subsidiaries are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant subsidiary.

Results of Operations — Consolidated Financial Statements

Fiscal Year ended March 31, 2023 (FY2023) Compared to Fiscal Year ended March 31, 2022 (FY2022):

The consolidated financial statements are presented in U.S. dollars. Income and expenses for each item in statement of profit or loss of our operating subsidiaries in India are translated at average exchange rates. The average exchange rate of FY 2023 was 80.39 US\$/INR and FY 2022 was 74.51 US\$/INR.

Revenue

Our revenue decreased by US\$29.9 million, or 4.1%, to US\$693.2 million in FY2023 from US\$723.1 million in FY2022. Our revenue in constant currency basis i.e. India Rupee (INR) increased by 2.9% compared with FY 2022. The decrease in US\$ terms is primarily on account of Indian Rupee depreciated by 7.9%.

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

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2022
	(US\$ in millions)	
Sale of power	665.3	685.4
Sale of renewable energy certificates	2.7	9.2
Generation Based Incentive	25.2	28.5
Installed capacity at beginning of period (MW)	5,299.3	5,187.6
Installed capacity at end of period (MW)	5,299.3	5,299.3
Generation (GWh)	11,766.0	11,385.6

Generation increased by 3.3% to 11,766.0 GWh in FY2023 from 11,385.6 GWh in FY2022. The capacity of our operational projects is same 5,299.3 MW as at March 31, 2022 and as at March 31, 2023.

In October 2021, we commissioned the commercial operations of 100 MW Hydro Project “Himachal Sorang”). We acquired the control stake in SEI Renewable Energy Private Limited, SEI Ravikiran Energy Private Limited and SEI Jyothiswaroop Power Private Limited from SunEdison Group on 17 November 2021 (collectively referred as “MP Solar entities”). These entities are operating entities with a capacity of 90 MW.

The tables below set forth the breakdown of our revenue by source of generation:

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2022
	(US\$ in millions)	
Revenues from wind assets	377.5	418.1
Revenues from solar assets	197.8	209.1
Revenues from hydro assets	117.9	95.9
Total	693.2	723.1

Revenue from wind energy projects decreased by US\$40.6 million, or 9.7%, to US\$377.5 million in FY2023 compared to US\$418.1 million in FY2022. Our average wind PLFs slightly decreased by 0.2%

Revenue from solar projects decreased by US\$11.3 million, or 5.4%, to US\$ 197.8 million in FY2023 compared to US\$209.1 million in FY2022. Our average solar PLFs is increased by 0.4%

Revenue from hydropower projects increased by US\$22.0 million, or 23.0%, to US\$117.9 million in FY2023 compared to US\$95.9 million in FY2022. The increase in revenue was mainly on account of the commencement of commercial operation of 100MW Himachal Sorang hydro project in October 2021 and also our average hydro PLFs increased by 1.5%.

Our overall decrease in revenue in U.S. dollar terms is primarily on account of average USD/INR exchange rate for FY 2023 being higher than the average USD/INR exchange rate for FY 2022.

In addition, we recognized GBIs (Rs. 0.50/kWh capped at Rs. 10 million/MW) for our wind energy projects pursuant to the GBI scheme and recorded revenue of US\$25.2 million in FY2023 compared to US\$28.5 million in FY2022. Revenue from GBI was in line with generation from wind projects.

Our sales of REC certificates was US\$2.7 million in FY2023 compared to US\$9.2 million in FY2022.

Other operating income

Other operating income was US\$8.5 million in FY2023 and US\$3.8 million in FY2022.

Cost of material and power generation expenses

Cost of material and power generation expenses was US\$70.4 million in FY2023 compared to US\$71.7 million in FY2022. Cost of material and power generation expenses was 10.2% of revenue in FY2023 compared to 9.9% of revenue in FY2022 and power generation expenses slightly increased in INR terms in line with operations.

Employee benefits expense

Employee benefits expense was US\$48.8 million in FY2023 compared to US\$33.3 million in FY2022. Salaries and wages amounted to US\$29.94 million in FY2023 compared to US\$30.5 million. Salaries and wages have generally increased period on period in INR terms as a result of the increase in employee headcount in line with the growth of our business. We have share-based payments amounted to US\$14.44 million in FY2023 and Nil in FY2022.

Other expenses

Other expenses was US\$33.7 million in FY2023 compared to US\$35.4 million in FY2022. Other expenses include office administration, rent against short-term leases, travelling expenses, professional charges, communication, internet, rates and taxes etc. Our other expenses slightly increased in INR terms in line with operations.

Impairment loss on trade receivables

Impairment loss on trade receivables was US\$15.4 million in FY2023 compared to US\$27.6 million in FY2022. Allowance for expected credit loss is decreased during the year on account of proportionate realisation of aged receivables under LPS Rules and also realisation of current receivables within due dates.

The Ministry of Power, Govt. of India on 03 June 2022 has issued Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) to liquidate the outstanding dues of DISCOMs. Under these LPS Rules, our customers such as Andhra Pradesh and Telangana DISCOMs have agreed to clear the overdue receivables in 12 instalments from August 2022 and Madhya Pradesh, Tamil Nadu & Karnataka DISCOMs have agreed to clear their past due receivables between 34 – 48 months from August 2022.

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

We recognized an excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$11.3 million in FY2022 in connection with acquisition of control stake in MP Solar entities.

Depreciation and amortization

Depreciation and amortization was US\$217.7 million in FY2023 compared to US\$232.9 million in FY2022 and the depreciation and amortization was increased by 1% in INR terms.

Finance income

Finance income was US\$49.1 million in FY2023 compared to US\$7.9 million in FY2022. Interest on bank deposits was US\$19.8 million in FY2023 compared to US\$7.3 million in FY2022 and increase is due to overall increase in bank deposits and also includes fair value gain on derivative contracts in FY2023 amounted to US\$ 28.9 million.

Finance costs

Finance costs were US\$362.5 in FY2023 compared to US\$383.8 million in FY2022, which was primarily attributable to interest on our borrowings, exchange differences, bank charges, finance cost on lease liabilities. We capitalized borrowing costs of US\$99.7 million in FY2023 compared to US\$78.1 million in FY2022.

Share of profit/ (loss) from equity-accounted investees

We recognized share of profit from equity-accounted investees of US\$54.7 million in FY2023 compared with US\$22.7 million in FY2022 attributable to share of profit pertaining to Sikkim Urja Limited (earlier Teesta Urja Limited). We are holding 34.31% of equity in Sikkim Urja Limited.

Profit/ (loss) before tax

For the reasons discussed above, we earned profit before tax of US\$57.0 million in FY2023 compared to loss of US\$15.9 million in FY2022.

Taxation

Taxation was US\$42.8 million in FY2023 compared to US\$60.0 million in FY2022.

Our subsidiaries in India which are engaged in power generation benefited from a tax holiday from the standard Indian corporate tax. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these companies are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 15% (31 March 2022: 15%) plus applicable surcharge and cess.

Profit/ (loss) for the year

As a result of the foregoing, we had a profit of US\$14.2 million in FY2023 compared to loss of US\$76.0 million in FY2022.

Liquidity and Capital Resources

Overview

As of March 31, 2023, our consolidated bank deposits were US\$252.9 million and our cash and cash equivalents were US\$312.3 million. Bank deposits aggregating US\$152.6 million were restricted as of March 31, 2023.

Our principal financing requirements are primarily for:

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

We fund our operations and capital requirements primarily through cash flows from operations and borrowings under credit facilities from banks and other financial institutions, issuances of debt securities as well as equity raising at the Parent Guarantor level. We believe that our credit facilities, together with cash generated from our operations, cash from offerings of debt securities and cash from investment by our shareholders will be sufficient to finance our working capital needs for the next 12 months. We expect that cash flow from operations and our credit facilities will continue to be our principal sources of cash in the medium term.

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

As at 31 March 2023, we have net current liabilities position of US\$ 313.7 million (31 March 2022: US\$ 163.4 million).

We have considered the financial position of the Group, its cash position, refinancing opportunities and forecast cash flows for the 12 months period from the date of these consolidated financial statements. We accordingly, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue their operational existence for a foreseeable future.

Cash Flows

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

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2022
	(US\$ in millions)	
Consolidated Cash Flow Statement		
Net cash from operating activities	733.5	388.6
Net cash used in investing activities	(539.7)	(258.3)
Net cash used in financing activities	(161.9)	(320.9)
Cash and cash equivalents at the beginning of the year	356.8	558.6
Cash and cash equivalents at the end of the year	312.3	356.8

Net cash from operating activities

In FY2023, the net cash from operating activities was US\$ 733.5 million. This net cash inflow was primarily attributable to (i) profit before tax of US\$57.0 million and positive non-cash adjustment for finance cost of US\$362.5 million and depreciation and amortization of US\$217.7 million, offset by finance income of US\$ 49.1 million and share of profit from equity-accounted investees of US\$ 54.7 million (ii) increase by changes in working capital of US\$183.7 million and (iii) decrease by taxes paid of US\$13.5 million. Changes in working capital primarily comprised cash inflow from trade and other receivables of US\$167.6 million and an increase in trade and other payables of US\$16.8 million.

In FY2022, the net cash from operating activities was US\$ 388.6 million. This net cash inflow was primarily attributable to (i) loss before tax of US\$15.9 million and positive non-cash adjustment for finance cost of US\$383.8 million and depreciation and amortization of US\$232.9 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$11.3 million, (ii) decrease by changes in working capital of US\$187.1 million and (iii) decrease by taxes paid of US\$10.8 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$139.0 million and decrease in trade and other payables of US\$45.1 million.

Net cash used in investing activities

In FY2023, our net cash used in investing activities of US\$539.7 million primarily consisted of (i) US\$421.5 million used in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors (ii) money placed in bank deposits was US\$152.8 million offset by (iii) interest received of US\$36.8 million.

In FY2022, our net cash used in investing activities of US\$258.3 million primarily consisted of (i) US\$332.2 million used in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors (ii) consideration paid for acquisitions made by subsidiaries of US\$12.3 million (iii) consideration for acquisition of 4.15% shareholding of Teesta Urja Limited with US\$15.3 million, offset by (iv) interest received of US\$9.4 million and (v) proceeds from bank deposits matured was US\$91.6 million.

Net cash (used in) financing activities

In FY2023, our net cash used in financing activities of US\$161.9 million was primarily attributable to US\$390.9 million interest paid including premium paid on derivative contracts offset by US\$76.7 million of proceeds from the issue of shares to our shareholders, US\$ 135.1 million proceeds from unwinding of derivative contracts, US\$ 19.6 million net proceeds from borrowings.

In FY2022, our net cash used in financing activities of US\$320.9 million was primarily attributable to US\$182.2 million of proceeds from the issue of shares to our shareholders, offset in part by US\$ 46.3 million in repayment of borrowings and US\$454.7 million in interest paid including premium paid on derivative contracts and loan reconstructing costs.

Results of Operations — Greenko Solar (Mauritius) Limited Combined Financial Statements

Fiscal year ended March 31, 2023 (FY 2023) Compared to Fiscal year ended March 31, 2022 (FY 2022)

As of 31 March 2023, the Restricted Group III portfolio of assets consists of 29 operational projects with a combined installed capacity of 1,450.8 MW and the same is accounted for 27.0% of the total installed capacity of our operational projects, consisting of 12 operational solar energy projects with a total installed capacity of 403.0 MW (26.2% of the total installed capacity of our operational solar power projects), 16 operational wind energy projects with a total installed capacity of 947.8 MW (29.9% of the total installed capacity of our operational wind energy projects) and 1 operational hydro energy projects with a total installed capacity of 100.0 MW (17.0% of the total installed capacity of our operational hydro energy projects).

The Parent has designated few existing subsidiaries of the Parent, Saroja Renewables Limited and Vyshali Energy Private Limited (“New RG entities”) as part of the Restricted Group on 28 March 2023. These New RG entities are operating entities with a capacity of 135.70 MW of Wind. The operations of these New RG entities are forming part of Restricted Group III from the date of designation of these New RG entities are restricted entities.

The combined financial statements are presented in U.S. dollars. Income and expenses for each item in statement of profit or loss of our operating restricted entities in India are translated at average exchange rates. The average exchange rate of FY 2023 was 80.39 US\$/INR and FY 2022 was 74.51 US\$/INR.

Revenue

Revenue for the Restricted Group III decreased by 8.6% to US\$174.8 million in FY 2023 from US\$191.3 million in FY 2022.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
	(US\$ in Millions)	
Revenue	174.8	191.3
Installed capacity at beginning of year (MW)	1,315.1	1,195.1
Installed capacity at end of year (MW)	1,450.8	1,315.1
Generation in (Gwh)	2,889.0	2,880.8
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
	(US\$ in Millions)	
Revenues from wind assets	108.9	120.0
Revenues from solar assets	48.3	51.4
Revenues from hydro assets	17.6	19.8

Revenue for the wind power projects of Restricted Group III in FY 2023 was decreased by 9.3% to US\$108.9 million compared to US\$120.0 million in FY 2022. Our wind PLFs during FY 2023 increased by 1.2%.

Revenue for the solar energy projects of Restricted Group III in FY 2023 was decreased by 6.0% to US\$48.3 million compared US\$51.4 million in FY 2022. Our solar PLFs during FY 2023 slightly increased by 0.2%.

Revenue for the hydro energy projects in FY 2023 was decreased by 11.4% to US\$17.6 million compared US\$19.8 million in FY 2022. Our hydro PLFs decreased by 2.7% during FY 2023.

Overall generation in the Restricted Group III increased to 2889.0 GWh in FY 2023 compared to 2,880.8 GWh in FY 2022.

Our overall decrease in revenue in U.S. dollar terms is primarily on account of average USD/INR exchange rate for FY 2023 being higher than the average USD/INR exchange rate for FY 2022.

Power generation expenses

Power generation expenses for the Restricted Group III in FY 2023 was US\$18.0 million compared to US\$21.2 million in FY 2022. Power generation expenses in FY 2023 was 10.3% of revenue compared to 11.1% of revenue in FY 2022.

Employee benefits expense

Employee benefits expense for the Restricted Group III in FY 2023 was US\$6.0 million compared US\$6.0 million in FY 2022. The largest component of employee benefits expense was salaries and wages.

Other expense

Other expenses for the Restricted Group III in FY 2023 was US\$9.3 million compared to US\$6.0 million in FY 2022. Other expenses include office administration expenses, short-term lease rent, travelling expenses, professional charges, communication charges, internet expenses, stationery expenses, rates and taxes.

Impairment loss on trade receivables

Impairment loss on trade receivables for the Restricted Group III was US\$4.3 million in FY 2023 compared to US\$11.3 million in FY 2022 calculated as per expected credit loss model. Decrease in allowance for expected credit loss is due to decrease in aged receivables.

Depreciation and amortization

Depreciation and amortization for the Restricted Group III in FY 2023 was US\$55.2 million compared to US\$59.4 million in FY 2022. Decrease is due to change in average exchange rate compared with FY 2022.

Finance income

Finance income for the Restricted Group III in FY 2023 was US\$11.0 million compared to US\$0.8 million in FY 2022, primarily due to US\$ 4.11 million towards interest earned on bank deposits and US\$ 6.9 million is gain on derivative contracts.

Finance costs

Finance costs for the Restricted Group III in FY 2023 was US\$76.4 million compared to US\$95.4 million in FY 2022, which was primarily attributable to interest on borrowings and finance costs.

Finance costs for FY2022 also include fair value loss on derivative contracts amounting to US\$17.7 million.

Profit or Loss before income tax

Profit before income tax for the Restricted Group III for the FY 2023 was US\$17.2 million compared to loss before income tax of US\$6.6 million for the FY 2022.

Income tax expense

Income tax expense for the Restricted Group III in FY 2023 was US\$13.8 million compared to US\$14.0 million in FY 2022.

Profit or Loss for the year

As a result of the foregoing, the Restricted Group III's profit for the FY 2023 was US\$3.4 million compared to loss of US\$20.5 million for the FY 2022.

Liquidity and Capital Resources

Overview

As of 31 March 2023, the Restricted Group III's bank deposits were US\$7.7 million and our cash and cash equivalents were US\$32.7 million. The Restricted Group III's principal financing requirements are primarily for:

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

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

Cash Flows

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
	(US\$ in Million)	
Net cash generated from operating activities	200.3	106.4
Net cash generated from investing activities	1.8	11.0
Net cash used in financing activities	(198.2)	(156.7)
Cash and cash equivalents at the beginning of the year	33.5	73.4
Cash and cash equivalents at the end of the year	32.7	33.5

Net cash generated from operating activities

In FY 2023, the Restricted Group III's net cash from operating activities was US\$200.3 million. This net cash inflow was primarily attributable to (i) profit before tax of US\$17.2 million and positive non-cash adjustment for finance cost of US\$76.4 million, US\$4.3 million for impairment loss on trade receivables and depreciation and amortization of US\$55.2 million, (ii) positive changes in working capital of US\$59.4 million and (iii) a decrease in taxes paid of US\$1.2 million. Changes in working capital primarily contributed by realization of trade and other receivables of US\$58.7 million and an increase in trade and other payables of US\$1.3 million.

In FY 2022, the Restricted Group III's net cash from operating activities was US\$106.4 million. This net cash inflow was primarily attributable to (i) loss before tax of US\$6.5 million and positive non-cash adjustment for finance cost of US\$95.4 million, US\$11.3 million for impairment loss on trade receivables and depreciation and amortization of US\$59.4 million, (ii) changes in working capital of US\$50.5 million and (iii) a decrease in taxes paid of US\$1.9 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$53.6 million and an increase in trade and other payables of US\$3.4 million.

Net cash generated from investing activities

In FY 2023, the Restricted Group III's net cash generated from investing activities of US\$1.8 million primarily US\$0.6 million from maturity of bank deposits and US\$4.0 million of interest received. The same is partially offset by US\$2.8 million in purchase of property, plant and equipment and capital expenditure.

In FY 2022, the Restricted Group III's net cash generated from investing activities of US\$11.0 million primarily US\$16.8 million from maturity of bank deposits and US\$0.7 million of interest received. The same is partially offset by US\$6.5 million in purchase of property, plant and equipment and capital expenditure.

Net cash used in financing activities

In FY 2023, the Restricted Group III's net cash used in financing activities of US\$198.2 million was primarily attributable to US\$29.1 million in repayment of borrowings, US\$ 91.2 million issued to entities designated as restricted entities during the year, US\$69.4 million in interest payment and US\$32.5 million premium paid on derivative contracts. The same is partially offset by proceeds from borrowings of US\$26.4 million.

In FY 2022, the Restricted Group III's net cash used in financing activities of US\$156.7 million was primarily attributable to (i) US\$71.0 million issued to entities designated as restricted entities during the year for discharging their external debt before designated those entities as restricted entities and (ii) US\$70.4 million in interest payment and US\$32.7 million premium paid on derivative contracts. The same is partially offset by proceeds from borrowings of US\$18.0 million.