

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 Auditors' Report

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

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Greenko Solar (Mauritius) Limited (Restricted Group III), which consists of the Greenko Solar (Mauritius) Limited ("the Company"), a wholly owned subsidiary of Greenko Energy Holdings ("the Parent") and certain entities under common control of the Parent, as listed in Note 3.1 to the combined financial statements (collectively known as "the Restricted Group III"), which comprise the combined statement of financial position as at 31 March 2020, the combined statements of profit or loss and other comprehensive income, the combined statement of changes in net parent investment and the combined statement of cash flows for the year then ended, and the notes, comprising significant accounting policies and other explanatory information, as set out on pages 5 to 40.

In our opinion, the accompanying combined financial statements present fairly, in all material aspects, the combined financial position of the Restricted Group III as at 31 March 2020, and of its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards, as issued by International Accounting Standards Board ("IFRS").

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 and 3 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 2020, 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. The combined financial statements have been prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes as described in Note 2 to the combined financial statements. As a result, the combined financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Independent Auditors' Report to the Board of Directors of Greenko Solar (Mauritius) Limited
(continued)**

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the combined financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter	How the matter was addressed in our audit
Assessment of impairment of non-financial assets: As at 31 March 2020, the Restricted Group III recognised intangible assets and goodwill of USD 282.17 million and property, plant and equipment of USD 880.57 million. As disclosed in Note 3.6 to the combined financial statements, intangible assets with definite useful life and property, plant and equipment are tested for impairment whenever there is objective evidence of impairment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on value-in-use of such assets. We identified assessment of impairment and annual impairment testing of goodwill as a key audit matter given the complexity and judgmental nature of the determination of value-in-use based on assumptions such as projected future cash flows, discount rate and trend analyses. The Restricted Group III's disclosures regarding the accounting policy and assumptions and estimates used under assessing impairment of these assets are included in Notes 3.5 (a), 3.6 and 9 to the combined financial statements.	We performed the following audit procedures in this area, among others: - Assessing the valuation methodology used by Restricted Group III to identify indication of impairment in non-financial assets. - Assessed the procedures used by Restricted Group III in order to prepare reliable business plans through comparing the actual performance in relation to previous projections. - Assessed the appropriateness of Restricted Group III's methodology applied in determining the CGUs to which goodwill is allocated. - Assessing the model used in determining the value-in-use of the cash generating units. - Challenged the significant assumptions and judgements used in impairment analysis, such as forecast revenue, margins and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist. - Performed sensitivity analysis of the key assumptions, such as revenue over the term of the power purchase agreements, operating costs and the discount rate used in determining the recoverable value. - Evaluated the adequacy of disclosures, including disclosure of key assumptions and judgements.

**Independent Auditors' Report to the Board of Directors of Greenko Solar (Mauritius) Limited
(continued)**

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

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

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Restricted Group III's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Restricted Group III to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

B S R & Co. LLP

**Independent Auditors' Report to the Board of Directors of Greenko Solar (Mauritius) Limited
(continued)**

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

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Amar Sunder

Partner

Membership number: 078305

ICAI UDIN No.: 20078305AAAABR5196

Place: Mumbai

Date: 29 July 2020

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 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	8	880.57	850.52
Intangible assets and goodwill	9	282.17	245.66
Bank deposits	15	2.43	23.56
		1,165.17	1,119.74
Current assets			
Inventories	13	0.43	0.09
Trade receivables	11	108.95	77.60
Other receivables	12	10.79	9.36
Receivables from unrestricted group	26	83.40	-
Bank deposits	15	27.54	9.31
Taxation receivable		1.39	1.05
Cash and cash equivalents	14	87.75	16.56
		320.25	113.97
Total assets		1,485.42	1,233.71
Equity and liabilities			
Equity			
Net parent investment		278.20	300.41
Total equity		278.20	300.41
Liabilities			
Non-current liabilities			
Retirement benefit obligations	20	0.13	0.09
Borrowings	17	1,033.76	595.34
Deferred tax liabilities	18	133.39	111.03
Trade and other payables	16	8.95	-
Lease liabilities	25	0.15	-
		1,176.38	706.46
Current liabilities			
Borrowings	17	-	70.37
Trade and other payables	16	30.65	17.91
Taxation payable		0.14	1.34
Borrowings from unrestricted group	26	-	137.22
Lease liabilities	25	0.05	-
		30.84	226.84
Total liabilities		1,207.22	933.30
Total equity and liabilities		1,485.42	1,233.71

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 2020	For the year ended 31 March 2019
Revenue	19	177.10	79.48
Power generation expenses		(15.08)	(5.41)
Employee benefits expense	21	(0.96)	(0.39)
Other operating expenses		(4.55)	(2.55)
Impairment loss on trade receivables	11	(2.27)	(0.72)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		154.24	70.41
Depreciation and amortisation	8&9	(52.76)	(27.48)
Operating profit		101.48	42.93
Finance income	22	2.85	2.19
Finance cost	22	(91.48)	(47.82)
Profit/(Loss) before tax		12.85	(2.70)
Income tax expense	23	(8.89)	(8.14)
Profit/(Loss) for the year		3.96	(10.84)
Attributable to:			
Equity holders of the Restricted Group III		3.96	(11.69)
Non-controlling interests		-	0.85
		3.96	(10.84)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(109.40)	15.60
Total other comprehensive income		(109.40)	15.60
Total comprehensive income/(loss)		(105.44)	4.76
Total comprehensive income/(loss) attributable to:			
Equity holders of the Restricted Group III		(105.44)	3.91
Non-controlling interests		-	0.85
		(105.44)	4.76

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 2020	As at 31 March 2019
Opening	300.41	(4.56)
Impact on adoption of IFRS 16, net of taxes (refer note 3)	(0.05)	-
Profit/(Loss) for the year	3.96	(11.69)
Foreign currency translation adjustments	(109.40)	15.60
Contribution of net assets from Parent (refer note 3.1 (c))*	83.28	301.33
Acquisition of shares from non-controlling interest by owners of the Restricted Group III	-	(0.27)
Closing	278.20	300.41

* 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.

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 2020	For the year ended 31 March 2019
A. Cash flows from operating activities			
Profit/(Loss) before tax		12.85	(2.70)
<i>Adjustments for</i>			
Depreciation and amortisation	8&9	52.76	27.48
Finance income		(2.85)	(2.19)
Finance cost		91.48	47.82
Impairment loss on trade receivables		2.27	0.72
<i>Changes in working capital</i>			
Inventories		(0.36)	0.01
Trade and other receivables		(27.38)	(9.75)
Trade and other payables		8.60	(6.89)
<i>Cash generated from operations</i>		137.37	54.50
Taxes paid		(2.15)	(2.53)
Net cash from operating activities		135.22	51.97
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure, net		(6.24)	1.45
Proceeds from sale of mutual funds		-	20.60
Bank deposits		9.21	(8.40)
Interest received		2.83	2.19
Net cash from investing activities		5.80	15.84
C. Cash flows from financing activities			
Proceeds from borrowings	17.6	1,020.12	5.91
Repayment of borrowings	17.6	(750.37)	(32.40)
Receipt/ (Repayment) of inter-company loans			
Unrestricted Group		(242.69)	7.54
Payment of lease liabilities	17.6	(0.09)	-
Interest paid		(77.57)	(47.79)
Net cash used in financing activities		(50.60)	(66.74)
Net increase in cash and cash equivalents		90.42	1.07
Cash and cash equivalents at the beginning of the year	14	16.56	10.46
Cash and cash equivalents related to entities added to Restricted Group III (refer note 3.1(c))*		4.64	5.88
Exchange loss on cash and cash equivalents		(23.87)	(0.85)
Cash and cash equivalents at the end of the year	14	87.75	16.56

Refer note 17.6 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 to 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 (formerly SGG 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 ("Greenko" or "the Parent") together with its subsidiaries ("Greenko Group") is in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities and other customers including captive consumers in India through power purchase agreements ("PPA").

2. Purpose of the Combined Financial Statements

The Company has issued Senior Notes to institutional investors and 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 to replace their existing Rupee debt. 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 Parent and primarily comprise the 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".

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

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

3. Summary of significant accounting policies

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

Changes in significant accounting policies

This is first set of the Restricted Group III's annual financial statements in which IFRS 16 Leases have been applied. A number of other new standards are also effective from 1 April 2019 but they do not have a material effect on the combined financial statements.

IFRS 16, *Leases*:

The Restricted Group III has initially adopted IFRS 16 Leases from 1 April 2019. The Restricted Group III has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as retained earnings at 1 April 2019. Accordingly, the comparative information presented for 31 March 2019 has not been restated-i.e., it is presented, as previously reported, under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied on comparative information.

On transition to IFRS 16, the Restricted Group III elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

The Restricted Group III also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value ("low value assets")

The Restricted Group III leases assets like office premises, land for development of plants, vehicles and office equipment. As a lessee, the Restricted Group III previously classified leases as operating, or finance leases based on its assessment or whether the lessee transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Restricted Group III recognises right-of-use assets and lease liabilities for most leases.

On 1 April 2019, the Restricted Group III recognised lease liabilities of US\$ 0.27 million (presented as a separate line item on face of the statement of financial position) and right-of-use assets of US\$0.52 million as at 1 April 2019 (presented as part of property, plant and equipment). The cumulative effect of applying the standard US\$0.05 million net of taxes was recognised in retained earnings as at 1 April 2019. The adoption of the standard did not have any material impact on the performance for the current period.

The updated accounting policies effective 1 April 2019, upon adoption of IFRS 16, "Leases" are described in note 3.21.

3.1 Basis of preparation of the combined financial statements

a) Basis of preparation

The indenture governing the Senior Notes requires Greenko Solar to prepare combined financial statements of Greenko Solar and the restricted entities for the purpose of submission to the bond holders. These combined financial statements as at and for the years ended 31 March 2020 and 31 March 2019 respectively have been prepared on a basis that combines statements of profit or loss and other comprehensive income, financial position, changes in net parent investment and cash flows of the legal entities comprising the restricted entities and Greenko Solar.

Greenko Solar and the restricted entities are under the common control of the Parent. Certain restricted entities were not in existence or not under control of Parent for all the historical periods presented in these combined financial statements. Historical financial statements of the Company and restricted entities are included in these combined financial statements from the date of control achieved by Greenko Group. The following are the Restricted Group III entities under common control of Parent and forming part of consolidated financial statements of the Parent for the periods presented below:

Entity	Holding by Parent as at and for the years ended	
	31 March 2020	31 March 2019
Greenko Solar (Mauritius) Limited	100%	100%
Animala Wind Power Private Limited	100%	100%
Axis Wind Farms (MPR DAM) Private Limited	100%	100%
Jilesh Power Private Limited*	100%	-
Saipuram Wind Energies Private Limited	100%	100%
Orange Agar Wind Power Private Limited*	100%	100%
Orange Bercha Wind Power Private Limited*	100%	100%
Orange Charanka Solar Energy Private Limited*	100%	-
Orange DND Wind Power Private Limited*	100%	100%
Orange Jaisalmer Wind Energy Private Limited*	100%	100%
Orange Maha Wind Energy Private Limited*	100%	100%
Orange Mamatkhedha Wind Private Limited*	100%	100%
Orange Suvaan Energy Private Limited*	100%	-
Orange Uravakonda Wind Power 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%

* Acquired and added to Restricted Group III by the Parent. Refer note 3.1 (c) for details of net assets contribution from Parent.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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

The combined financial statements are not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group III that would have occurred if it had operated as a separate stand-alone group of entities during the 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.

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

The combined financial statements have been prepared on a going concern basis under the historical cost convention, 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 of IAS 24, Related Party Disclosures.

As these combined financial statements have been prepared on a carve-out basis, it is not meaningful to show share capital or provide an analysis of reserves. Net parent investment, therefore, represents the difference between the assets and liabilities pertaining to combined businesses. Share capital of Restricted Group III 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 IFRS 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

In addition, 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 transfer of shares of a restricted entity resulting in change of control from an unrestricted entity to a restricted entity as it does not alter the composition of the Restricted Group III and common control transactions.

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

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

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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 attributed to carve-out entities are allocated based on carrying value of these assets and liabilities.

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

Year ended 31 March 2020:

On 1 May 2019, Greenko Group through its subsidiary has acquired control on "Jilesh Power Private Limited" (referred as "Jilesh") from SunEdison Group. The entity is an operating entity with a capacity of 45 MW. The Group has acquired 49% shareholding in earlier years from SunEdison Group and has acquired the balance shareholding during the year. The Parent has added the Jilesh to Restricted Group III from 1 May 2019. The valuation of the assets and liabilities acquired has been carried out by Greenko Group on 01 April 2019 considering that the effect of transactions from 01 April 2019 to 01 May 2019 are not material. An adjustment has been made in the combined financial statements to reflect the effect of this acquisition by the Parent using the Top Down Approach. The fair value adjustments recorded by Parent in accordance with IFRS 3 "Business Combinations" have been allocated to Jilesh and accordingly presented in these historical combined financial statements as if it is the Restricted Group III business as of 1 May 2019.

On 29 July 2019, Greenko Solar has issued US\$ 500 million 5.55% Senior Notes due 2025 and US\$ 450 million 5.95% Senior Notes due 2026. Further on 26 September 2019, Greenko Solar has issued additional notes to the tune of US\$85 million 5.95% Senior Notes due 29 July 2026 for investment in senior secured non-convertible debentures ("NCDs") of Orange Suvaan Energy Private Limited and Orange Charanka Solar Energy Private Limited. Accordingly, Orange Suvaan Energy Private Limited and Orange Charanka Solar Energy Private Limited are designated as restricted entities from 29 July 2019. An adjustment has been made in the combined financial statements to reflect the net assets contributed by the Parent using the Top Down Approach. The carrying value of the assets and liabilities of these entities appearing in Parent's consolidated financial statements as on 31 July 2019 are considered for this purpose.

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

	Jilesh	Suvaan	Charanka	Total
Property, plant and equipment, net	39.67	78.19	29.02	146.88
Intangible assets, net	22.51	39.08	14.96	76.55
Deferred tax liabilities	(7.23)	(14.65)	(4.80)	(26.68)
Non-current borrowings	(32.51)	(57.16)	(21.84)	(111.51)
Net working capital	(11.40)	(1.95)	(2.53)	(15.88)
Bank deposits	-	5.72	3.56	9.28
Cash and cash equivalents	0.28	4.27	0.09	4.64
Contribution of business from Parent	11.32	53.50	18.46	83.28

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Notes to the combined financial statements

For the year ended 31 March 2019:

During October 2018, the Greenko Group through its wholly owned Unrestricted Group entity entered into a definitive agreement with AT Holdings Pte Limited to acquire the equity shares of Orange Renewable Holdings Pte Limited, Singapore and its Indian subsidiaries (collectively referred as "Orange Group"). The acquisition was completed on 04 October 2018. Certain Indian operating entities of Orange Group namely Orange Agar Wind Power Private Limited, Orange Bercha Wind Power Private Limited, Orange DND Wind Power Private Limited, Orange Jaisalmer Wind Energy Private Limited, Orange Maha Wind Energy Private Limited, Orange Mamatkhedha Wind Private Limited and Orange Uravakonda Wind Power Private Limited were added to Restricted Group III from 01 October 2018.

During October 2018, the Greenko Group through its wholly owned Unrestricted Group entities entered into definitive agreements with Tanti Holdings Private Limited, Golden Slam India Investments Private Limited and AEP II Holdings Pte Ltd to acquire Skeiron Green Power Private Limited and its subsidiaries (collectively referred as "Skeiron Group"). The acquisition was completed on 31 October 2018. Certain Indian operating entities of Skeiron Group namely Skeiron Renewable Energy Kustagi Private Limited and Shanay Renewables Limited were added to Restricted Group III from 31 October 2018.

The Greenko Group through its wholly owned Unrestricted Group entities has acquired 49% shareholding in Achintya Solar Power Private Limited, Grinibhrit Solar Power Private Limited, Suvarchas Solar Power Private Limited and Vishvarupa Solar Power Private Limited from Karvy Group and Zuka Power Private Limited from SunEdison Group prior to 1 April 2018 (collectively referred as "Solar entities"). During March 2019, the Greenko Group has acquired the balance 51% shareholding of Zuka Power Private Limited from SunEdison Group. Pursuant to the conditions being met in March 2019, the Greenko Group obtained the control over the Board of Karvy solar entities including the power to direct the relevant activities of the investee unilaterally.

Fair value of assets and liabilities arising from entities added to Restricted Group III are as follows:

	Orange entities	Skeiron entities	Solar entities	Total
Property, plant and equipment	399.59	61.82	80.50	541.91
Intangible assets	176.77	12.64	46.03	235.44
Deferred tax liabilities	(56.99)	(5.82)	(15.06)	(77.87)
Non-current borrowings	(310.85)	(48.45)	(98.57)	(457.87)
Net working capital	27.97	1.03	9.51	38.51
Bank deposits	10.29	-	5.04	15.33
Cash and cash equivalents	5.50	0.07	0.31	5.88
Contribution of business from Parent	252.28	21.29	27.76	301.33

An adjustment has been made in the combined financial statements to reflect the effect of these acquisitions by the Parent using the Top Down Approach. The fair value adjustments recorded by Parent in accordance with IFRS 3 "Business Combinations" have been allocated to the Restricted Group III entities and accordingly presented in these historical combined financial statements as if it is the Restricted Group III business as of the acquisition date.

3.2 Segment reporting

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

3.3 Foreign currency translation

a) Functional and presentation currency

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

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Notes to the combined financial statements

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 costs'.

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

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

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

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

3.4 Property, plant and equipment

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

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Notes to the combined financial statements

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 primary lease.

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

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

3.5 Intangible assets

a) Goodwill

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

b) Other intangibles

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

Asset category	Useful life
Licences	25 years
Power purchase agreements ("PPA")	13 - 25 years

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

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested for impairment annually, or more frequently when there is an indication that the asset may be impaired. Assets that are subject to 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.

3.7 Financial instruments

a) Recognition and initial measurement

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.

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Notes to the combined financial statements

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.

Financial liabilities:

Financial liabilities are classified as either 'Fair value through profit and loss (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.

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.

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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.

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, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within impairment loss on trade receivables in profit and 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, 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 instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Restricted Group III entity is recognised at the proceeds received, net of direct issue costs.

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3.10 Derivative financial instruments

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

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

3.10.1 Embedded derivatives

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

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

3.10.2 Compound instruments

The compound parts of compound instruments (convertible notes) issued by the Restricted Group III 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 stores and consumables are valued at cost. 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.

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Notes to the combined financial statements

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'.

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 Taxation

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 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.

Deferred income tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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 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 liabilities are offset only if certain criteria are met.

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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 operates two retirement benefit plans for its employees.

a) Gratuity plan

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

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

b) State administered Provident Fund

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

3.18 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 expense.

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

a) Sale of electricity

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

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.

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b) 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.

c) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Restricted Group III performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables

A receivable represents the Restricted Group III's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

e) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Restricted Group III has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Restricted Group III performs obligations under the contract.

3.20 Finance income and finance costs

The Restricted Group III's finance income and finance costs include interest income, interest expense, dividend income, the net gain or 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.

3.21 Leases

The Restricted Group III has applied IFRS 16 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

Policy applicable from 1 April 2019:

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

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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.

Policy applicable before 1 April 2019:

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

3.22 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.

3.23 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 Restricted Group III will comply with all attached conditions.

The Restricted Group III 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.

3.24 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 III have been reflected as '0.00' in relevant notes.

Notes to the combined financial statements

4 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 believe that EBITDA is meaningful for investors because it provides an analysis of Restricted Group III’s operating results, profitability and ability to service debt and because EBITDA is used by Restricted Group III’s chief operating decision makers to track business evolution, establish operational and strategic targets and make important business decisions. EBITDA is calculated as earnings before interest, taxes, depreciation and amortisation.

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

5 Recent Accounting Pronouncements

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

Apart from below a number of other new standards, amendments and interpretations not yet effective for 31 March 2020 but they do not have a material effect on the combined financial statements.

Amendments to IFRS 9 and IFRS 7 in response to IBOR reform

In September 2019, the International Accounting Standards Board (“IASB”) published “Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7,” which amended certain of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (“IBORs”).

The amendments revise the IASB’s new and old financial instruments Standards, IFRS 9, “Financial Instruments” and IAS 39, “Financial Instruments: Recognition and Measurement”, as well as the related Standard on disclosures, IFRS 7, “Financial Instruments: Disclosures”.

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective as of 01 January 2020, although companies may choose to apply them earlier. The Restricted Group III does not currently have any hedge contracts.

Definition of a Business (Amendments to IFRS 3)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. The Restricted Group III has not elected early application of amendment and will apply the same for all future business combinations.

Greenko Solar (Mauritius) Limited (Restricted Group III)

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Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

A new chapter on measurement;

- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. All the accounting policies of the Restricted Group III are accordance with IFRS and hence not expecting any major deviations in accounting policies of the Restricted Group III.

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 of 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. During the year, Greenko Solar has issued Senior Notes to the tune of US\$ 1,035.00 million and has invested the issue proceeds in debt instruments of restricted entities (Refer note 17.5). These debt investments are unhedged as at 31 March 2020, however Greenko Solar has entered into forward options for full amount subsequent to 31 March 2020 (Refer note 29).

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.

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. All the Restricted Group III's borrowings carries 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.

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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 financing 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. Restricted Group III's revenue is derived from sales to state owned utilities and corporations under long-term power purchase agreements and hence, potential risk of default by the State utilities is remote. The restricted entities is 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

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

Credit risk on cash and cash equivalents, bank balances and bank deposits 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.

6.3 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 Restricted Group III funds its activities primarily through long-term loans secured against each power plant. The Restricted Group III's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level.

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

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

At 31 March 2020

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	1,033.76	-	-	500.00	535.00	1,035.00
- Interest	-	51.72	61.98	185.94	57.34	356.98
Lease liabilities	0.20	0.07	0.07	0.04	0.19	0.37
Trade and other payables*	30.65	30.65	-	-	-	30.65
Total	1,064.61	82.44	62.05	685.98	592.53	1,423.00

* Trade and other payables that are not financial liabilities (such as deferred income and deferred gain) of US\$8.95 million as of 31 March 2020, is not included.

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****At 31 March 2019**

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	665.71	70.66	32.32	106.83	463.49	673.30
- Interest	-	70.20	63.06	167.56	238.66	539.48
Trade and other payables	17.91	17.91	-	-	-	17.91
Borrowings from unrestricted group	137.22	137.22	-	-	-	137.22
Total	820.84	295.99	95.38	274.39	702.15	1,367.91

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 and solar and long-term power purchase agreements entered for the projects which in the process of commencement of commercial production. The net cash flows expected to be generated from the projects shall be sufficient to meet the Restricted Group III's operating and finance costs due for payment in next 12 months.

7 Critical accounting judgements and key sources of estimating uncertainty

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

7.1 Critical judgments in applying the accounting policies**a) Application of business combination accounting rules, including identification and valuation of intangible assets acquired in a business combination other than common control transactions**

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

b) Application of lease accounting rules

Under IFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. The Restricted Group III assesses whether it has the right to obtain substantially all of the economic benefits from use of the identified asset, as well as the right to direct the use of that asset. The Restricted Group III also determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The majority of the Restricted Group's lease arrangements concern the lands on which its generation assets are located.

c) Application of interpretation for service concession arrangements

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

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Notes to the combined financial statements

d) Assessment of long-term receivables from foreign operations

The Restricted Group III has considered its investments in non-convertible debentures of restricted entities 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. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

e) Going Concern

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

7.2 Key sources of estimating uncertainty

a) Fair value estimation

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

The carrying value 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.

b) Income taxes

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

c) Estimated impairment of goodwill

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

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 lives 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.

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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 25)	Capital work-in-progress	Total
Cost								
At 1 April 2018	2.12	5.56	298.26	0.27	0.10	-	30.86	337.17
Additions	0.49	0.34	16.13	0.09	-	-	0.68	17.73
Addition of entities to Restricted Group III (refer note 3.1 (c))	15.19	1.81	524.20	0.53	0.05	-	0.13	541.91
Disposals/Capitalisation	-	-	(0.00)	-	-	-	(19.36)	(19.36)
Exchange differences	0.56	(0.28)	8.82	0.01	(0.01)	-	(2.04)	7.06
At 31 March 2019	18.36	7.43	847.41	0.90	0.14	-	10.27	884.51
Additions	0.25	1.41	0.00	0.08	0.03	-	0.29	2.06
Addition of entities to Restricted Group III (refer note 3.1 (c))	7.05	1.40	140.85	0.27	0.01	-	-	149.58
Recognised on adoption of IFRS 16 (Refer Note 3)	-	-	-	-	-	0.52	-	0.52
Reclassified on adoption of IFRS16	(0.05)	-	-	-	-	0.05	-	-
Disposals/Capitalisation	-	-	(0.18)	(0.02)	-	-	-	(0.20)
Exchange differences	(2.11)	(0.82)	(81.96)	(0.10)	(0.01)	(0.05)	(0.84)	(85.89)
At 31 March 2020	23.50	9.42	906.12	1.13	0.17	0.52	9.72	950.58
Accumulated depreciation								
At 1 April 2018	0.04	0.19	11.72	0.06	0.04	-	-	12.05
Charge for the year	0.01	0.19	22.08	0.12	0.04	-	-	22.44
Disposals	-	-	(0.00)	-	-	-	-	(0.00)
Exchange differences	(0.00)	(0.01)	(0.48)	(0.00)	(0.01)	-	-	(0.50)
At 31 March 2019	0.05	0.37	33.32	0.18	0.07	-	-	33.99
Addition of entities to Restricted Group III (Refer note 3.1(c))	-	-	2.66	0.04	0.00	-	-	2.70
Reclassified on adoption of IFRS16	(0.05)	-	-	-	-	0.05	-	-
Charge for the year	-	0.30	37.92	0.32	0.02	0.12	-	38.68
Disposals	-	-	(0.01)	(0.01)	-	-	-	(0.02)
Exchange differences	-	(0.05)	(5.24)	(0.03)	-	(0.02)	-	(5.34)
At 31 March 2020	-	0.62	68.65	0.50	0.09	0.15	-	70.01
Net book value								
At 31 March 2020	23.50	8.80	837.47	0.63	0.08	0.37	9.72	880.57
At 31 March 2019	18.31	7.06	814.09	0.72	0.07	-	10.27	850.52

Refer note 17 for assets given as pledge against borrowings.

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9 Intangible assets and goodwill

	Licences	Electricity PPAs	Development fee	Goodwill	Total
Cost					
At 1 April 2018	2.77	-	-	1.59	4.36
Addition of entities to Restricted Group III (refer note 3.1(c))	-	235.27	0.17	-	235.44
Exchange differences	(0.17)	11.30	0.01	(0.09)	11.05
At 31 March 2019	2.60	246.57	0.18	1.50	250.85
Addition of entities to Restricted Group III (refer note 3.1(c))	-	78.54	-	-	78.54
Exchange differences	(0.21)	(27.05)	(0.01)	(0.12)	(27.39)
At 31 March 2020	2.39	298.06	0.17	1.38	302.00
Accumulated amortisation					
At 1 April 2018	0.11	-	-	-	0.11
Amortisation for the year	0.10	4.94	0.00	-	5.04
Exchange differences	(0.01)	0.05	0.00	-	0.04
At 31 March 2019	0.20	4.99	0.00	-	5.19
Addition of entities to Restricted Group III (Note 3.1 (c))	-	1.99	-	-	1.99
Amortisation for the year	0.10	13.97	0.01	-	14.08
Exchange differences	(0.02)	(1.41)	(0.00)	-	(1.43)
At 31 March 2020	0.28	19.54	0.01	-	19.83
Net book value					
At 31 March 2020	2.11	278.52	0.16	1.38	282.17
At 31 March 2019	2.40	241.58	0.18	1.50	245.66

Amortisation charge is included under 'Depreciation and amortisation' in the combined statement of profit or loss. The average remaining amortisation period for licences is 21.99 years (31 March 2019: 22.99 years) and for electricity PPA is 20.87 years (31 March 2019: 21.61 years).

Goodwill acquired through business combinations by Parent 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 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.

10 Financial assets and liabilities

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

All financial assets of the Restricted Group III as listed below.

Financial assets	Amortised cost	
	31 March 2020	31 March 2019
Non-current		
Bank deposits (note 15)	2.43	23.56
Current		
Bank deposits (note 15)	27.54	9.31
Trade receivables (note 11)	108.95	77.60
Other receivables (note 12) ^a	1.35	1.85
Receivables from unrestricted group (note 26)	83.40	-
Cash and cash equivalents (note 14)	87.75	16.56
Total	311.42	128.88

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Financial liabilities	Liabilities at amortised cost	
	31 March 2020	31 March 2019
Non-current		
Borrowings (note 17)	1,033.76	595.34
Current		
Borrowings (note 17)	-	70.37
Trade and other payables (note 16) ^b	30.60	17.91
Borrowings from unrestricted group (note 26)	-	137.22
Total	1,064.36	820.84

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.

^a Other receivables that are not financial assets (such as certain advances, other receivables and prepaid expenses) of US\$9.44 million and US\$7.51 million as of 31 March 2020 and 31 March 2019, respectively, are not included.

^b Trade and other payables that are not financial liabilities (such as deferred income and deferred gain) of US\$8.95 million as of 31 March 2020, 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 a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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

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

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

31 March 2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Fixed rate borrowings (including current)	838.18	-	14.10	852.28
31 March 2019				
Financial liabilities				
Fixed rate borrowings (including current)	-	-	15.38	15.38
Floating rate borrowings (including current)	-	650.33	-	650.33

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.

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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.

11 Trade receivables

	31 March 2020	31 March 2019
Gross trade receivables	111.74	78.33
Less: Allowance for expected credit loss	(2.79)	(0.73)
	108.95	77.60

All the trade receivables are short-term and their carrying values are considered a reasonable approximation of fair values. All trade receivables are designated as financial assets measured at amortised cost.

Trade receivables include unbilled receivable for passage of time of US\$ 1.97 million (31 March 2019: US\$ 1.25 million) and not past due US\$34.58 million (31 March 2019: US\$23.62 million). Trade receivables that are outstanding for more than one month from due date are considered as past due. These receivables have been considered as fully recoverable based on Directors' assessment. Recoverability is based on the evaluation of terms implicit in the contracts with the customers, legal opinions and other pertinent factors.

The ageing analysis of trade receivables as at the reporting date is as follows:

	31 March 2020	31 March 2019
Not due	36.55	24.87
1 to 6 months	32.69	36.60
6 to 9 months	13.26	11.39
9 to 12 months	7.88	1.27
Beyond 12 months	21.36	4.20
Gross trade receivables	111.74	78.33
Less: Allowance for expected credit loss	(2.79)	(0.73)
Trade receivables	108.95	77.60

All the trade receivables of Restricted Group III are due from Government (State owned). 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 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 (refer note 6.2). The movements on the allowance for expected credit losses of trade receivables is shown below:

	31 March 2020	31 March 2019
As at the beginning of the year	0.73	-
Charge for the year	2.27	0.72
Exchange differences	(0.21)	0.01
Closing as at balance sheet date	2.79	0.73

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****12 Other receivables**

	31 March 2020	31 March 2019
Other receivables	9.70	8.70
Security deposits	1.09	0.66
Total	10.79	9.36

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

Other receivables include advances against expenses, prepaid expenses and other advances recoverable. All the other receivables amounts are short-term and their carrying values are considered a reasonable approximation of fair values.

13 Inventories

	31 March 2020	31 March 2019
Stores and consumables	0.43	0.09
	0.43	0.09

14 Cash and cash equivalents

	31 March 2020	31 March 2019
Cash on hand	0.02	0.03
Cash at bank	87.73	16.53
	87.75	16.56

Cash at bank includes US\$52.37 million (31 March 2019: US\$0.24 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 amounting to US\$27.54 million (31 March 2019: US\$ 9.31 million) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from reporting date amounting to US\$2.43 million (31 March 2019: US\$23.56 million) are disclosed under non-current assets. Bank deposits aggregating to US\$ 2.67 million (31 March 2019: US\$27.43 million) have been given as security by Restricted Group III.

16 Trade and other payables

	31 March 2020	31 March 2019
Trade payables	7.12	1.97
Capital creditors	10.05	12.14
Interest accrued but not due on borrowings	10.26	1.89
Deferred Income	8.95	-
Other payables	3.22	1.91
Total trade and other payables	39.60	17.91
Less: Non—current portion	(8.95)	-
Current portion	30.65	17.91

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 two solar projects acquired during the year. 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.

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 2020	31 March 2019
Non-current – Financial liabilities measured at amortised cost		
5.55% Senior notes	492.59	-
5.95% Senior notes	527.07	-
Term loans from banks	-	83.33
Term loans from financial institutions	-	496.63
17% compulsorily convertible debentures	14.10	15.38
	1,033.76	595.34
Current – Financial liabilities measured at amortised cost		
Term loans from banks	-	4.53
Term loans from financial institutions	-	65.84
	-	70.37
Total borrowings	1,033.76	665.71

- 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). In accordance with the terms of the issue and as permitted under law, 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 of the Company and pledge of shares of Greenko Solar (Mauritius) Limited 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 Term loans from banks and financial institutions were having maturity over the period of 2020 to 2036 and were bearing floating rates of interest in the range of 9.20% to 12.65%. Term loans from banks and financial institutions were 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 restricted entity. Some of the borrowings were also secured by pledge of shares of restricted entities and corporate guarantees by Unrestricted Group. Additionally, the borrowings were also secured by lien on bank deposits amounting to Nil (31 March 2019: US\$ 20.99 million). During the year, restricted entities has repaid these loans from debt investments by Greenko Solar.
- 17.3 Orange Mamatkhedha Wind Private Limited, has issued 10,636,099, 17% 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.

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

	31 March 2020	31 March 2019
Indian rupee ("INR")	14.10	665.71
US Dollar ("US \$")	1,019.66	-
	1,033.76	665.71

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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

	31 March 2020	31 March 2019
Fixed rate of interest	1,033.76	15.38
Variable rate of Interest	-	650.33
	1,033.76	665.71

17.6 Reconciliation of liabilities arising from financing activities:

	Opening balances	Addition of entities to Restricted Group III (refer note 3.1(c))	Net cash flows	Non Cash changes Foreign exchange movements	Amortisation of transaction costs	Closing balance
Borrowings	665.71	111.51	269.75	(21.81)	8.60	1,033.76
Lease liabilities	0.27	-	(0.09)	(0.02)	0.04	0.20

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 2020	31 March 2019
Deferred tax liabilities		
— to be recovered beyond 12 months from reporting date	133.39	111.03
— to be recovered within 12 months	-	-
	133.39	111.03

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

	Tangible Assets	Intangible assets	Total
At 1 April 2018	5.14	0.69	5.83
Addition of entities to Restricted Group III (refer note 3.1 (c))	25.64	52.23	77.87
Recognised in profit or loss	9.45	(1.56)	7.89
Exchange difference	1.16	18.28	19.44
At 31 March 2019	41.39	69.64	111.03
Addition of entities to Restricted Group III (refer note 3.1 (c))	6.79	19.89	26.68
Recognised in profit or loss	9.44	(3.86)	5.58
Exchange difference	(4.48)	(5.42)	(9.90)
At 31 March 2020	53.14	80.25	133.39

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

Greenko 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 from generation and supply of electricity.

	31 March 2020	31 March 2019
Sale of power	165.76	72.88
Generation based incentive	11.34	6.60
	177.10	79.48

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 Government (State 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 for units of power 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 2020	31 March 2019
Revenue from wind assets	142.84	77.82
Revenue from solar assets	34.26	1.66
Total	177.10	79.48

Details of revenue from contracts with customers:

	31 March 2020	31 March 2019
Revenue as per contracted price	177.70	80.46
Less: Rebates	(0.60)	(0.98)
	177.10	79.48

20 Retirement benefit obligations

The Restricted Group III has an obligation towards defined benefit plans towards gratuity and compensated absences of US\$0.09 million (31 March 2019: US\$0.07 million) and US\$0.04 million (31 March 2019: US\$0.02 million) respectively.

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.

21 Employee benefit expense

	31 March 2020	31 March 2019
Salaries and wages	0.90	0.36
Employee welfare expenses	0.03	0.02
Retirement benefits- defined contribution plans	0.02	-
Retirement benefits – defined benefit plans		
-Gratuity	0.00	0.00
-Compensated absences	0.01	0.01
	0.96	0.39

Greenko Solar (Mauritius) Limited (Restricted Group III)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****22 Finance income and finance cost**

	31 March 2020	31 March 2019
Finance income		
Interest on bank deposits and others	2.85	2.19
	2.85	2.19
Finance cost		
Finance cost on borrowings	72.54	47.64
Loan restructuring costs	18.52	-
Bank charges	0.42	0.18
	91.48	47.82

During the year, Greenko Solar has raised US\$ denominated Senior Notes (Refer note 17.1) and invested in INR Non-convertible debentures of restricted entities to enable repayment of existing rupee debt. Loan restructuring costs amounting to US\$18.52 million represents the cost of prepayment and unamortised transaction costs of existing rupee debt.

23 Income tax expense

	31 March 2020	31 March 2019
Current tax	3.30	0.25
Deferred tax (note 18)	5.59	7.89
	8.89	8.14

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 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 2020	31 March 2019
Profit/(Loss) before income tax	12.85	(2.70)
Tax rate applicable to restricted entities in India	26.00%	29.12%
Expected tax expense	3.34	(0.79)
Adjustment for tax differences on account of tax holiday period and exempted tax rates	5.55	8.92
Tax charge	8.89	8.14

All the restricted entities are engaged in power generation. Majority of these 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% (31 March 2019: 18.50%) 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, the Restricted Group III has decided not to opt for this lower tax benefit and have continued under the old regime for all the entities in India and availing tax holiday for subsidiaries eligible under 80-IA of the Income Tax Act, 1961. For the fiscal year ended 31 March 2020, the statutory income tax rate as per the Income Tax Act, 1961 ranges between 25% to 30% (31 March 2019: 25% to 30%) 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

- 24 During the year, the renewable energy long term Power Purchase Agreements (“PPAs”) particularly solar and wind PPAs entered with the State of Andhra Pradesh has come under scrutiny by the newly elected Government of Andhra Pradesh which has attempted to revisit the agreed Wind and Solar tariffs. The Southern Power Distribution Company of Andhra Pradesh Limited (“APDISCOM”) has issued unilateral notices on 12 July 2019 for few wind and solar companies across the industry for reduction of tariffs to Rs. 2.44 per kwh. The Government of Andhra Pradesh has also constituted a High Level Negotiating Committee (“HLNC”) for negotiation with these wind and solar entities. The Association of Renewable Power Generating companies had approached the Hon’ble High Court of Andhra Pradesh (“AP HC”), which have heard both the parties and has disposed-off the case, by clearly giving orders that the PPA does not have any clause for revisiting the tariff during the tenure of PPA and even going by the general Indian Contract Act, the revision is not permissible without mutual consent of the parties. AP HC cancelled and made void the Government Andhra Pradesh order for constitution of the HLNC.

The AP HC also instructed APDISCOM to honour pending and future bills but in interim to pay the money at a rate of Rs. 2.44 per unit (as against the billed rate) to discharge the obligations by generation companies. The AP HC also stated that this rate is only an interim measure until the matter is resolved by the Andhra Pradesh Electricity Regulatory Commission (“APERC”) and directed the APERC to conclude this matter within 6 months period.

In view of the relief from AP HC, the recent Appellate Tribunal for Electricity orders in favour of Greenko Group and based on the various support regulations issued by the Central Government of India, considering the signed PPAs, the Restricted Group III continues to recognise the revenue at the original agreed PPA tariff and has determined that the receivables are currently fully recoverable. Total trade receivable balance outstanding from APDISCOM as on 31 March 2020 is US\$ 64.49 million.

25 Leases

Leases as lessee

The Restricted Group III leases assets like office premises, land for development of plants, vehicles and office equipment. As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment or whether the lessee transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Restricted Group III recognises right-of-use assets and lease liabilities for most leases.

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 2020:

	Lands	Buildings	Total
As at 01 April 2019	0.41	0.11	0.52
Additions	-	-	-
Reclassified on account of IFRS 16	0.05	-	0.05
Exchange differences	(0.04)	(0.01)	(0.05)
As at 31 March 2020	0.42	0.10	0.52
Accumulated depreciation and impairment			
As at 01 April 2019	-	-	-
Reclassified on account of IFRS 16	0.05	-	0.05
Charge for the year	0.08	0.04	0.12
Exchange differences	(0.01)	(0.01)	(0.02)
As at 31 March 2020	0.12	0.03	0.15
Net book values			
As at 31 March 2020	0.30	0.07	0.37

The aggregate charge for the year on ROU assets is included in Depreciation and amortisation in profit or loss in the 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****The following is the movement in lease liabilities during the year ended 31 March 2020:**

	Amount
Balance as of 01 April 2019	0.27
Additions	-
Finance cost accrued during the year	0.04
Payment of lease liabilities	(0.09)
Translation difference	(0.02)
Balance as of 31 March 2020	0.20

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

The following is the break-up of current and non-current lease liabilities as of 31 March 2020:

	Amount
Current	0.05
Non-current	0.15
Total	0.20

The following is maturity profile of undiscounted lease payments as at 31 March 2020:

	Amount
Less than one year	0.07
One to five years	0.11
More than five years	0.19
Total	0.37

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 following is the amount recognised in statement of profit and loss for the year ended 31 March 2020:

	Amount
Variable lease expenses (other than short term)	-
Short-term lease expense	0.31
Low value lease expense	-

Amounts recognised in the statement of cash flows for the year ended 31 March 2020:

	Amount
Payment of lease liabilities	0.09

The impact on account on adoption of IFRS 16 is as follows:

	Amount
Increase in lease liability as at 31 March 2020 by	0.20
Increase in Right-of use as at 31 March 2020 by	0.37
Increase in finance cost by	0.04
Increase in depreciation by	0.12

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

26 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 entities).

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

	31 March 2020	31 March 2019
Receipt/ (Repayment) of Inter-company loans, net	(242.69)	31.57
Project management fee	0.31	0.31
Interest paid on debentures (Refer note 17.3)	2.55	1.26
Contribution of net assets from Parent (refer note 3.1 (c))	83.28	301.33

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

	31 March 2020	31 March 2019
Balance receivable	106.42	32.37
Balance payable	(23.02)	(169.59)
Net receivable/ (payable)	83.40	(137.22)

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

- c. 17% Compulsorily Convertible Debentures

	31 March 2020	31 March 2019
Debentures to Unrestricted Group	14.11	15.38
(refer note 17.3)	14.11	15.38

- 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.

27 Impact of COVID-19:

In preparation of combined financial statements, the Restricted Group III has considered the business environment arising out of the COVID-19 outbreak globally and in India. The power plants of the restricted entities are operating, and generation of energy is normal as the generation and supply of electricity is considered to be an essential service in India. The management believes that the impact of this outbreak on the business and financial position of the Restricted Group III will not be significant. The Restricted Group III has not experienced any material impact on collection of its receivables from DISCOM's. Further, the Ministry of New and Renewable Energy ('MNRE') has issued directives to all State DISCOM's to adhere to the terms and conditions of PPA's and also to ensure the status of "Must Run" with respect to Renewable energy generating companies. The Restricted Group III believes that as such, the 'Force Majeure' notices from the DISCOMs across the industry have no legal effect. The Restricted Group III is continuously monitoring the situation with respect to the uncertainties in the environment on account of the COVID-19 pandemic.

Greenko Solar (Mauritius) Limited (Restricted Group III)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

28 Segment reporting

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

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

Revenues from four major customers relating to power generating activities represent US\$122.34 million (31 March 2019: US\$66.39 million) of the total revenue.

29 Events after the reporting date

Subsequent to March 2020, Greenko Solar has entered into forward option agreements with various banks for US\$1,035.00 million to hedge its Indian Rupee debt investments in non-convertible debentures of restricted entities.



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INDEPENDENT AUDITORS' 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 (the Company) and its subsidiaries (together the Group), which comprise the consolidated statement of financial position as at 31 March 2020 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 the notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 4 to 52.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Greenko Energy Holdings as at 31 March 2020, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENKO ENERGY HOLDINGS

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 skepticism 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.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GREENKO ENERGY HOLDINGS**

Report on the Audit of the Consolidated Financial Statements (continued)

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

- 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.
- 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.

KPMG
Ebène, Mauritius

Date: **29 JUL 2020**

Imtiaz Ajeda
Licensed by FRC

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of financial position

	Notes	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	7	4,028.20	4,283.34
Intangible assets and goodwill	8	1,045.67	1,121.29
Equity-accounted investees	30	-	0.18
Bank deposits	15	78.83	73.32
Derivative financial assets	9	331.95	253.16
Other receivables	12	20.66	19.79
		5,505.31	5,751.08
Current assets			
Inventories	13	5.69	5.13
Trade receivables	11	381.91	288.12
Other receivables	12	129.80	79.72
Other investments	10	0.05	3.21
Bank deposits	15	108.70	77.39
Taxation receivable		13.54	9.82
Cash and cash equivalents	14	322.22	214.39
		961.91	677.78
Total assets		6,467.22	6,428.86
Equity and liabilities			
Equity			
Share capital	16	1,709.28	1,415.80
Currency translation reserve		(424.66)	(85.97)
Other reserves		(2.76)	(2.76)
Retained earnings		96.97	67.39
Equity attributable to owners of the Company		1,378.83	1,394.46
Non-controlling interests		17.03	18.19
Total equity		1,395.86	1,412.65
Liabilities			
Non-current liabilities			
Retirement benefit obligations	21	3.43	3.00
Borrowings	18	4,019.55	3,834.67
Other financial liabilities	9	112.55	125.55
Deferred tax liabilities, net	19	439.58	430.00
Trade and other payables	17	19.28	65.18
Lease liabilities	27	7.22	-
		4,601.61	4,458.40
Current liabilities			
Borrowings	18	147.81	267.25
Trade and other payables	17	265.66	238.36
Other financial liabilities	9	53.50	45.80
Lease liabilities	27	0.69	-
Taxation payable		2.09	6.40
		469.75	557.81
Total liabilities		5,071.36	5,016.21
Total equity and liabilities		6,467.22	6,428.86

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 2020	For the year ended 31 March 2019
Revenue	20	660.86	485.05
Other operating income		1.61	0.60
Cost of material and power generation expenses		(56.15)	(42.66)
Employee benefits expense	22	(28.61)	(14.86)
Other operating expenses		(24.28)	(28.58)
Impairment loss on trade receivables	11	(9.55)	(11.46)
Impairment charge on non-financial assets	8	(7.11)	(18.32)
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	28	25.65	100.82
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		562.42	470.59
Depreciation and amortisation	7&8	(197.51)	(146.47)
Operating profit		364.91	324.12
Finance income	23	82.69	44.13
Finance costs	23	(382.75)	(283.00)
		64.85	85.25
Share of (loss)/ profit from equity-accounted investees	30	(0.01)	0.15
Profit before taxation		64.84	85.40
Taxation	24	(43.38)	(46.63)
Profit for the year		21.46	38.77
Profit for the year attributable to:			
Owners of the Company		22.62	38.66
Non – controlling interests		(1.16)	0.11
		21.46	38.77
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(338.69)	(122.94)
Total other comprehensive income		(338.69)	(122.94)
Total comprehensive income		(317.23)	(84.17)
Total comprehensive income attributable to:			
Owners of the Company		(316.07)	(84.28)
Non-controlling interests		(1.16)	0.11
		(317.23)	(84.17)

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	Total attributable to owners of Company	Non- controlling interests	Total equity
As at 1 April 2018	967.69	36.97	(1.30)	28.68	1,032.04	(2.46)	1,029.58
Cumulative effect of adjustment on initial application of IFRS 9	-	-	(0.05)	0.05	-	-	-
Adjusted balance as of 1 April 2018	967.69	36.97	(1.35)	28.73	1,032.04	(2.46)	1,029.58
Issue of ordinary shares	448.11	-	-	-	448.11	-	448.11
Transactions with owners of the Company	448.11	-	-	-	448.11	-	448.11
Issue of shares to non-controlling interests in subsidiaries	-	-	-	-	-	22.02	22.02
Adjustment to reflect change in ownership interest in step-down subsidiary	-	-	1.75	-	1.75	(1.75)	-
Acquisition of non-controlling interests	-	-	(3.16)	-	(3.16)	0.27	(2.89)
Changes in ownership interests	448.11	-	(1.41)	-	446.70	20.54	467.24
Profit for the year	-	-	-	38.66	38.66	0.11	38.77
Other comprehensive income	-	(122.94)	-	-	(122.94)	-	(122.94)
Total comprehensive income	-	(122.94)	-	38.66	(84.28)	0.11	(84.17)
As at 31 March 2019	1,415.80	(85.97)	(2.76)	67.39	1,394.46	18.19	1,412.65
Impact on adoption of IFRS 16, net of taxes (note 2.1)	-	-	-	(0.85)	(0.85)	-	(0.85)
Adjusted balance as of 1 April 2019	1,415.80	(85.97)	(2.76)	66.54	1,393.61	18.19	1,411.80
Issue of ordinary shares	293.48	-	-	-	293.48	-	293.48
Share-based payments (Refer note 22)	-	-	-	7.81	7.81	-	7.81
Transactions with owners of the Company	293.48	-	-	7.81	301.29	-	301.29
Profit for the year	-	-	-	22.62	22.62	(1.16)	21.46
Other comprehensive income	-	(338.69)	-	-	(338.69)	-	(338.69)
Total comprehensive income	-	(338.69)	-	22.62	(316.07)	(1.16)	(317.23)
As at 31 March 2020	1,709.28	(424.66)	(2.76)	96.97	1,378.83	17.03	1,395.86

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 2020	For the year ended 31 March 2019
A. Cash flows from operating activities			
Profit before taxation		64.84	85.40
<i>Adjustments for</i>			
Depreciation and amortisation	7&8	197.51	146.47
Finance income		(82.69)	(44.13)
Finance costs		382.75	283.00
Share-based payments		7.81	-
Impairment loss on trade receivables		9.55	11.46
Impairment of non-financial assets		7.11	18.32
Share of loss/ (profit) from equity-accounted investees		0.01	(0.15)
Excess of Group's interest in the fair value of acquiree's assets and liabilities over cost	28	(25.65)	(100.82)
<i>Changes in working capital</i>			
Inventories		(0.88)	(1.09)
Trade and other receivables		(121.01)	(34.79)
Trade and other payables		4.27	17.38
<i>Cash generated from operations</i>		443.62	381.05
Taxes paid		(23.78)	(11.92)
Net cash from operating activities		419.84	369.13
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure, net		(140.86)	(265.83)
Acquisition of business, net of cash and cash equivalents acquired	28	0.44	(479.65)
Proceeds from sale of Investment in mutual funds		3.07	33.14
Investment in Equity-accounted investees		-	(0.01)
Advance for purchase of equity		(1.35)	(6.47)
Advances given to Equity-accounted investees		(80.90)	(2.70)
Amounts refunded by Equity-accounted investees		3.16	32.85
Consideration paid for acquisitions made by subsidiaries		(29.89)	(2.74)
Bank deposits		(51.17)	(22.77)
Interest received		25.45	17.71
Net cash used in investing activities		(272.05)	(696.47)
C. Cash flows from financing activities			
Proceeds from issue of shares	16	293.48	448.11
Proceeds from non-controlling interests		-	22.02
Proceeds from borrowings	18.7	1,587.24	622.75
Repayment of borrowings	18.7	(1,455.63)	(321.60)
Proceeds from capital subsidy		0.22	-
Payment of lease liabilities	18.7	(1.56)	-
Interest paid (including loan restructuring costs and premium paid on derivative contracts)		(437.58)	(321.76)
Net cash (used in)/ from financing activities		(13.83)	449.52
Net increase in cash and cash equivalents		133.96	122.18
Cash and cash equivalents at the beginning of the year	14	214.39	94.71
Exchange losses on cash and cash equivalents		(26.13)	(2.50)
Cash and cash equivalents at the end of the year	14	322.22	214.39

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

Refer note 18.7 for reconciliation of liabilities arising from financing activities.

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 subsidiaries are in the business of owning and operating clean energy facilities in India. All the energy generated from these plants is sold to state utilities, captive consumers, direct sales to private customers and other electricity transmission and trading companies in India through a mix of long-term power purchase agreements (“PPA”), short-term power supply contracts and spot markets of energy exchanges. The Group holds licence to trade up to 500 million units of electricity per annum in the whole of India. 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”.

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 as adopted by International Accounting Standards Board (“IFRS”). 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 accompanying consolidated financial statements as at 31 March 2020 and for the year ended thereof, as at 31 March 2019 and for the year ended thereof includes accounts of the Company and its subsidiaries.

The consolidated financial statements of the group are presented for a period of twelve months for the year ended 31 March 2020 and 31 March 2019.

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).

Changes in significant accounting policies

This is first set of the Group’s annual financial statements in which IFRS 16 Leases have been applied. A number of other new standards are also effective from 1 April 2019 but they do not have a material effect on the consolidated financial statements.

IFRS 16, *Leases*:

The Group has initially adopted IFRS 16 Leases from 1 April 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as retained earnings at 1 April 2019. Accordingly, the comparative information presented for 31 March 2019 has not been restated-i.e., it is presented, as previously reported, under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied on comparative information.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

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)

2.1 Basis of preparation (continued)

Changes in significant accounting policies (continued)

IFRS 16, *Leases*: (continued)

The Group also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“short-term leases”) and lease contracts for which the underlying asset is of low value (“low value assets”).

The Group leases assets like office premises, land for development of plants, vehicles and office equipment. As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment or whether the lessee transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

On 1 April 2019, the Group recognised lease liabilities of US\$ 9.26 million (presented as a separate line item on face of the statement of financial position) and right-of-use assets of US\$ 8.50 million as at 1 April 2019 (presented as part of property, plant and equipment). The cumulative effect of applying the standard US\$ 0.85 million net of taxes was recognised in retained earnings as at 1 April 2019. The Group has reclassified the leasehold land of US\$ 7.90 million to right-of-use asset as at 1 April 2019. The adoption of the standard did not have any material impact on the performance for the current period.

The updated accounting policies effective 1 April 2019, upon adoption of IFRS 16, “Leases” are described in note 2.21.

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.

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)

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.

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, 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 acquisition method of accounting is used to account for the acquisition of businesses by the Group. 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.

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)

2.3 Business combination (continued)

The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is qualified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the profit or loss.

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 costs".

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 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 for the period whereas cash and cash equivalents are translated at closing rate at the reporting date.

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

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

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

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

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

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'.

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.

2.8 Financial instruments

a) Recognition and initial measurement

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.

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.

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.

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.

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.

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)

2.9 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, which are reported net, 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, 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.

2.11.1 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.

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)

2.11.2 Compound instruments

The compound parts of compound instruments (convertible notes) issued by the Group 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 the Company's own equity instruments are equity instruments.

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

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

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

2.12 Inventories

a) 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.

b) Renewable Energy Certificates ("REC")

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

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.

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)

2.15 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.

2.16 Taxation

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 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.

Deferred income tax

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

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

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

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

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

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

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

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, which is expensed when accrued.

c) 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 expense.

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

a) Sale of electricity

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

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 provide 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.

d) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

e) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

f) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs obligations under the contract.

2.20 Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, dividend income, the net gain or 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 Group's right to receive payment is established.

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)

2.21 Leases

The Group has applied IFRS 16 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

Policy applicable from 1 April 2019:

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 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 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.

Policy applicable before 1 April 2019:

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

2.22 Borrowing costs

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.23 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.

2.24 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.

EBITDA is not a measure of financial performance under IFRS. 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 as reported under IFRS. 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.

2.25 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.

3. Recent Accounting Pronouncements

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

Apart from below a number of other new standards, amendments and interpretations not yet effective for 31 March 2020 but they do not have a material effect on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 in response to IBOR reform

In September 2019, the International Accounting Standards Board ("IASB") published "Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7," which amended certain of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs").

The amendments revise the IASB's new and old financial instruments Standards, IFRS 9, "Financial Instruments" and IAS 39, "Financial Instruments: Recognition and Measurement", as well as the related Standard on disclosures, IFRS 7, "Financial Instruments: Disclosures".

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective as of January 1, 2020, although companies may choose to apply them earlier. The Group does not currently have any hedge contracts.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

3. Recent Accounting Pronouncements (continued)

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

Definition of a Business (Amendments to IFRS 3)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. The Group has not elected early application of amendment and will apply the same for all future business combinations.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

A new chapter on measurement;

- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. All the accounting policies of the Group are accordance with IFRS and hence not expecting any major deviations in accounting policies of the Group.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

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 use derivative financial instruments such as foreign exchange options and forward contracts to mitigate the risk of changes in foreign currency exchange rates. During the year, Greenko Solar (Mauritius) Limited ("GSML") has issued Senior Notes to the tune of US\$ 1,035.00 million and has invested the issue proceeds in debt instruments of Indian subsidiaries (Refer note 18.5). These debt investments are unhedged as at 31 March 2020, however GSML has entered into forward options for full amount subsequent to 31 March 2020 (Refer note 32 (a)).

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.

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 18.4.

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\$4.38 million (31 March 2019: US\$9.14 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 financing 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 11 for details of trade receivables and expected credit losses).

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

4. Financial risk management (continued)

4.2 Credit risk (continued)

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, investments in mutual funds, 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 foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price. The fair value of interest rate swaps and currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap counterparties at the balance sheet date.

4.3 Liquidity risk

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

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

In respect of each acquisition, 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 Group has identified a large range of acquisition opportunities which it is continually evaluating and which are subject to constant change. In respect of its overall business, the Group therefore does not, at the current time, maintain any overall liquidity forecasts. 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 its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and the data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

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

As at 31 March 2020:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	4,167.36	147.81	67.09	2,648.64	1,348.35	4,211.89
- Interest	-	275.88	276.29	664.82	577.52	1,794.51
Trade and other payables*	275.62	265.08	0.13	10.41	-	275.62
Lease liabilities	7.91	1.48	1.51	3.98	6.37	13.34
Other financial liabilities	166.05	53.50	51.92	77.36	-	182.78
Total	4,616.94	743.75	396.94	3,405.21	1,932.24	6,478.14

* Trade and other payables that are not financial liabilities (deferred income) amounting to US\$9.32 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)****As at 31 March 2019:**

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	4,101.91	268.62	449.96	1,251.62	2,171.73	4,141.93
- Interest	-	302.83	330.11	761.11	1,108.73	2,502.78
Trade and other payables	303.54	238.36	49.28	15.90	-	303.54
Other financial liabilities	171.35	45.80	44.63	95.07	7.89	193.39
Total	4,576.80	855.61	873.98	2,123.70	3,288.35	7,141.64

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 production.

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.

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

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.

The valuation techniques used in fair value measurement of material assets acquired are 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.

Power Purchase Agreements - Multi Period Excess Earnings Method ("MEEM"). 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.

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)

5.1 Critical judgments in applying the accounting policies (continued)

b) Application of lease accounting rules

Under IFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. The Group assesses whether it has the right to obtain substantially all of the economic benefits from use of the identified asset, as well as the right to direct the use of that asset. The Group also determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The majority of the Group's lease arrangements concern the lands on which its generation assets are located.

c) Application of interpretation for service concession arrangements

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

d) Assessment of long-term receivables from foreign operations

The Group has considered its investment in non-convertible debentures 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. Accordingly, all exchange differences on translation of these receivables are recognised in other comprehensive income.

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 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 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.

b) Taxation

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

c) 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.

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 (continued)

d) 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 recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including future operating margins and discount rates.

e) Useful life of depreciable assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful 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.

f) Going concern

The Directors have considered the financial position of the Group, its cash position 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 its 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 Principal 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 2020	Holding as at 31 March 2019
Greenko Mauritius	Mauritius	Intermediate holding company	100%	100%
Greenko Investment Company	Mauritius	Intermediate financing company	100%	100%
Greenko Dutch B.V.	Netherlands	Intermediate financing company	100%	100%
Greenko Solar (Mauritius) 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%
Animala Wind Power Private Limited	India	Generation of power	100%	100%
Axis Wind Farms (MPR Dam) Private Limited	India	Generation of power	100%	100%
Devarahippargi Wind Power Private Limited	India	Generation of power	100%	100%
Everest Power Private Limited*	India	Generation of power	100%	-
Fortune Five Hydel Projects Private Limited	India	Generation of power	100%	100%
Greenko Rayala Wind Power Private Limited	India	Generation of power	100%	100%
Orange Anantapur Wind Power Private Limited	India	Generation of power	100%	100%
Orange Mamatkhedda Wind Private Limited	India	Generation of power	100%	100%
Orange Sironj Wind Power Private Limited	India	Generation of power	54%	54%
Orange Suvaan Energy Private Limited	India	Generation of power	100%	100%
Orange Uravakonda Wind Power Private Limited	India	Generation of power	100%	100%
Ratnagiri Wind Power Projects Private Limited	India	Generation of power	100%	100%
Saipuram Wind Energies Private Limited	India	Generation of power	100%	100%
Skeiron Renewable Energy Amidyala Limited	India	Generation of power	100%	100%
Sneha Kinetic Power Projects Private Limited	India	Generation of power	100%	100%
Tanot Wind Power Ventures Private Limited	India	Generation of power	100%	100%
Vyshali Energy Private Limited	India	Generation of power	74%	74%

* acquired by the Group on 31 March 2020. Refer Note 28.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

6 Subsidiaries (continued)

6.2 Composition of the Group

In addition to above material subsidiaries, the Group has 162 (31 March 2019: 157) subsidiaries based in India and 6 (31 March 2019: 6) 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 6 (31 March 2019: 7) individually immaterial associates. Set out below are the details of the Group's interest in equity-accounted investee of reporting periods. Refer note 30 for investment details.

		% of equity holding	
		31 March 2020	31 March 2019
1.	Jilesh Power Private Limited*	-	49%
2.	SEI Jyotishwaroop Power Private Limited	49%	49%
3.	SEI Ravikiran Energy Private Limited	49%	49%
4.	SEI Renewable Energy Private Limited	49%	49%
5.	SEI Solarvana Power Private Limited	49%	49%
6.	SEI Sooraj Renewable Energy Private Limited	49%	49%
7.	SEI Sunshine Power Private Limited	49%	49%

* Acquired the control in this entity during the year. Refer note 28 for details of business combinations.

6.3 Restrictions

The Group has assets and liabilities in multiple jurisdictions held by various subsidiaries. There are certain restrictions on inter transfer/settlement of liabilities and movement of funds among subsidiaries in India. Further as per governmental regulations, there are certain 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 27)	Capital work-in-progress	Total
Cost								
As at 01 April 2018	66.91	330.92	2,539.33	7.84	4.36	-	189.47	3,138.83
Acquisition through business combination (Refer Note 28)	29.41	2.90	1,065.40	0.93	0.20	-	146.45	1,245.29
Additions	2.53	2.08	145.33	1.53	0.13	-	278.42	430.02
Disposals/capitalisation	-	-	(0.21)	(0.03)	(0.26)	-	(133.42)	(133.92)
Exchange differences	(2.60)	(19.66)	(92.49)	(0.42)	(0.26)	-	(6.76)	(122.19)
As at 31 March 2019	96.25	316.24	3,657.36	9.85	4.17	-	474.16	4,558.03
Acquisition through business combination (Refer Note 28)	4.08	38.88	66.86	0.20	0.01	1.33	0.29	111.65
Additions	1.54	14.73	90.73	0.64	0.07	-	129.83	237.54
Recognised on adoption of IFRS 16 (Refer Note 2.1)	-	-	-	-	-	8.50	-	8.50
Reclassified on adoption of IFRS16	(8.08)	-	-	-	-	8.08	-	-
Disposals/capitalisation	-	-	(0.64)	(0.04)	(0.03)	-	(103.15)	(103.86)
Exchange differences	(7.70)	(27.09)	(309.60)	(0.86)	(0.35)	(1.37)	(40.16)	(387.13)
As at 31 March 2020	86.09	342.76	3,504.71	9.79	3.87	16.54	460.97	4,424.73
Accumulated depreciation								
At 01 April 2018	0.01	17.81	143.55	1.62	0.83	-	-	163.82
Charge for the year	0.17	9.48	107.45	1.49	0.56	-	-	119.15
Disposals	-	-	(0.00)	(0.01)	(0.08)	-	-	(0.09)
Exchange differences	0.00	(0.98)	(7.08)	(0.08)	(0.05)	-	-	(8.19)
As at 31 March 2019	0.18	26.31	243.92	3.02	1.26	-	-	274.69
Charge for the year	-	9.90	140.18	1.88	0.56	1.33	-	153.85
Disposals	-	-	(0.04)	(0.01)	(0.01)	-	-	(0.06)
Reclassified on adoption of IFRS16	(0.18)	-	-	-	-	0.18	-	-
Exchange differences	-	(2.76)	(28.60)	(0.36)	(0.14)	(0.09)	-	(31.95)
As at 31 March 2020	-	33.45	355.46	4.53	1.67	1.42	-	396.53
Net book values								
As at 31 March 2020	86.09	309.31	3,149.25	5.26	2.20	15.12	460.97	4,028.20
As at 31 March 2019	96.07	289.93	3,413.44	6.83	2.91	-	474.16	4,283.34

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\$19.76 million (31 March 2019: US\$9.07 million) on qualifying assets during construction. The weighted average of the borrowing costs applicable to general borrowings is 10.25%. Note 25 (g) provide details of capital commitments outstanding as at 31 March 2020.

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 2018	140.07	243.97	35.66	258.68	678.38
Acquisition through business combination (Refer Note 28)	-	512.02	10.33	-	522.35
Exchange differences	(12.13)	12.67	(1.43)	(15.44)	(16.33)
As at 31 March 2019	127.94	768.66	44.56	243.24	1,184.40
Acquisition through business combination (Refer Note 28)	-	66.61	-	-	66.61
Exchange differences	(10.55)	(65.27)	(3.68)	(20.07)	(99.57)
As at 31 March 2020	117.39	770.00	40.88	223.17	1,151.44

Accumulated amortisation and impairment

As at 01 April 2018	9.17	12.28	-	-	21.45
Amortisation for the year	2.44	23.31	1.57	-	27.32
Impairment charge for the year	-	-	-	18.32	18.32
Exchange differences	(4.28)	(0.28)	0.02	0.56	(3.98)
As at 31 March 2019	7.33	35.31	1.59	18.88	63.11
Amortisation for the year	4.92	36.91	1.83	-	43.66
Impairment charge for the year	-	-	-	7.11	7.11
Exchange differences	(0.87)	(5.11)	(0.24)	(1.89)	(8.11)
As at 31 March 2020	11.38	67.11	3.18	24.10	105.77

Net book values

As at 31 March 2020	106.01	702.89	37.70	199.07	1,045.67
As at 31 March 2019	120.61	733.35	42.97	224.36	1,121.29

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 25.89 years and for electricity PPAs is 19.78 years.

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

	31 March 2019	Impairment charge	Exchange difference	31 March 2020
Greenko Rayala Wind Power Company Private Limited	33.03	-	(2.72)	30.31
Sneha Kinetic Power Projects Private Limited	30.62	-	(2.53)	28.09
Tanot Wind Power Ventures Private Limited	23.49	-	(1.94)	21.55
Ratnagiri Wind Power Projects Private Limited	22.70	-	(1.87)	20.83
Fortune Five Hydel Projects Private Limited	21.59	-	(1.78)	19.81
Vyshali Energy Private Limited	18.21	-	(1.50)	16.71
Greenko Budhil Hydro Power Private Limited	16.38	(7.11)	(1.01)	8.26
Greenko Bagewadi Energies Private Limited	6.38	-	(0.53)	5.85
Gangadhari Hydro Power Private Limited	3.66	-	(0.30)	3.36
Multiple units without significant goodwill	48.30	-	(4.00)	44.30
	224.36	(7.11)	(18.18)	199.07

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

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:

- a) **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.
- 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 Group'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 11% to 14%.

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 2020

	Amortised cost	Financial assets at FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	78.83	-	78.83
Other receivables (note 12) ^a	11.66	-	11.66
Derivative financial assets	-	331.95	331.95
Current			
Other investment (note 10)	-	0.05	0.05
Bank deposits (note 15)	108.70	-	108.70
Trade receivables (note 11)	381.91	-	381.91
Other receivables (note 12) ^a	94.15	-	94.15
Cash and cash equivalents (note 14)	322.22	-	322.22
Total	997.47	332.00	1,329.47
	Amortised cost	Financial liabilities at FVTPL	Total
Financial liabilities			
Non-current			
Borrowings (note 18)	4,019.55	-	4,019.55
Trade and other payables (note 17) ^b	9.96	-	9.96
Other financial liabilities	112.55	-	112.55
Current			
Borrowings (note 18)	147.81	-	147.81
Trade and other payables (note 17)	244.01	21.65	265.66
Other financial liabilities	53.50	-	53.50
Total	4,587.38	21.65	4,609.03

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 2019**

	Amortised cost	Financial assets at FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	73.32	-	73.32
Other receivables (note 12) ^a	11.17	-	11.17
Derivative financial assets	-	253.16	253.16
Current			
Other investment (note 10)	-	3.21	3.21
Bank deposits (note 15)	77.39	-	77.39
Trade receivables (note 11)	288.12	-	288.12
Other receivables (note 12) ^a	38.37	-	38.37
Cash and cash equivalents (note 14)	214.39	-	214.39
Total	702.76	256.37	959.13
	Amortised cost	Financial liabilities at FVTPL	Total
Financial liabilities			
Non-current			
Borrowings (note 18)	3,834.67	-	3,834.67
Trade and other payables (note 17) ^b	55.73	-	55.73
Other financial liabilities	125.55	-	125.55
Current			
Borrowings (note 18)	267.25	-	267.25
Trade and other payables (note 17)	215.02	23.34	238.36
Other financial liabilities	45.80	-	45.80
Total	4,544.02	23.34	4,567.36

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.

Financial liabilities at FVTPL consists of contingent consideration payable against business combinations (refer note 28).

^a Other receivables that are not financial assets (such as certain advances and other receivables, prepaid and advance for purchase of equity) of US\$44.65 million and US\$49.97 million as of 31 March 2020 and 31 March 2019, respectively, are not included.

^b Trade and other payables that are not financial liabilities (such as deferred income and deferred gain) of US\$9.32 million and US\$9.45 million as of 31 March 2020 and 31 March 2019, respectively, are 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 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).

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 (continued)

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

31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value				
Other investments	0.05	-	-	0.05
Derivative financial assets	-	331.95	-	331.95
Financial liabilities:				
Measured at amortised cost				
Fixed rate borrowings (including current)	2,458.16	639.32	-	3,097.48
Floating rate borrowings (including current)	-	594.08	-	594.08
Other financial liabilities	-	-	166.05	166.05
Measured at fair value				
Contingent consideration payable	-	-	21.65	21.65

31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value				
Other investments	3.21	-	-	3.21
Derivative financial assets	-	253.16	-	253.16
Financial liabilities:				
Measured at amortised cost				
Fixed rate borrowings (including current)	1,678.24	569.83	-	2,248.07
Floating rate borrowings (including current)	-	1,853.85	-	1,853.85
Other financial liabilities	-	-	171.35	171.35
Measured at fair value				
Contingent consideration payable	-	-	23.34	23.34

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 2020, 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 2020	Notional amount as at 31 March 2019	Fair value as at 31 March 2020	Fair value as at 31 March 2019
Forward contracts and options	US\$	INR	1,935.00	1,714.67	331.95	253.16
			1,935.00	1,714.67	331.95	253.16

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 (continued):

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 18.5). The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate based on market yield curve.

Contingent consideration payable

The contingent consideration on account of business combination are valued considering the present value of the expected future payments, discounted using a risk –adjusted discount rate.

10 Other investments

	31 March 2020	31 March 2019
Beginning of the year	3.21	1.08
Acquired through business combination (Refer note 28)	-	33.67
Dividend income	-	0.19
Redemption	(3.07)	(33.14)
Effect of exchange difference	(0.08)	1.41
Unrealised losses	(0.01)	-
At the end of the year	0.05	3.21
Less: Non-current portion	-	-
Current portion	0.05	3.21

There are no impairment provision on other investments during the year. None of the financial assets is either past due or impaired. Other investments assets include the following:

	31 March 2020	31 March 2019
Unlisted securities:		
— Units of open-ended mutual funds (debt instruments)	0.05	3.21
	0.05	3.21

Other investments are denominated in Indian rupees. The maximum exposure to credit risk at the reporting date is the fair value of the units of mutual funds classified as other investments.

11 Trade receivables

	31 March 2020	31 March 2019
Gross trade receivables	401.51	299.79
Less: Allowance for expected credit loss	(19.60)	(11.67)
	381.91	288.12

All the trade receivables are short-term and their carrying values are considered a reasonable approximation of fair values. All trade receivables are designated as financial assets measured at amortised cost.

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

Trade receivables include unbilled receivables for passage of time of US\$8.07 million (31 March 2019: US\$7.72 million) and not past due US\$109.88 million (31 March 2019: US\$101.49 million). Trade receivables that are outstanding for more than one month from due date are considered as past due. These receivables have been considered as fully recoverable based on Directors' assessment. Recoverability is based on the evaluation of terms implicit in the contracts with the customers, legal opinions and other pertinent factors.

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

	31 March 2020	31 March 2019
Not due	117.95	109.21
1 to 6 months	111.73	100.29
6 to 9 months	51.78	35.17
9 to 12 months	40.39	14.28
Beyond 12 months	79.66	40.84
Gross trade receivables	401.51	299.79
Less: Allowance for expected credit loss	(19.60)	(11.67)
Trade receivables	381.91	288.12

Significant portion of the Group's receivables are due from Government (State owned) and 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 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 (refer note 2.9 and 4.2). The movements on the allowance for expected credit losses of trade receivables is shown below:

	31 March 2020	31 March 2019
As at the beginning of the year	11.67	-
Charge for the year	9.55	11.46
Exchange differences	(1.62)	0.21
Closing as at balance sheet date	19.60	11.67

12 Other receivables

	31 March 2020	31 March 2019
Other receivables	20.49	24.80
Advance for expenses	19.49	21.13
Receivables from equity-accounted investees	89.41	32.80
Sundry deposits	12.07	12.16
Advance for purchase of equity	9.00	8.62
Total other receivables	150.46	99.51
Less: Non-current portion	(20.66)	(19.79)
Current portion	129.80	79.72

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

Advance for purchase of equity represents interest free amounts paid under memorandum of understanding with few parties for acquisition of their stake in certain entities which are to be acquired in the future. These advances do not provide the Group with additional rights and are adjusted against the purchase consideration when the transaction is consummated else these amounts are refunded by the parties.

Receivables from equity-accounted investees primarily represent bridge loans given by the Group to equity-accounted investees for projects execution. These bridge loans are short-term in nature and these intermediate funding arrangements do not provide the Group with additional rights and are repayable upon loan proceeds from external lenders to these equity-accounted investees.

Other receivables include advances against purchase of raw materials, interest receivable on deposits and other advance recoverable.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

13 Inventories

	31 March 2020	31 March 2019
Stores and consumables	4.82	3.90
Raw materials	0.87	1.06
Renewable energy certificates	-	0.17
	5.69	5.13

14 Cash and cash equivalents

	31 March 2020	31 March 2019
Cash on hand	1.71	1.04
Cash at bank	320.51	213.35
	322.22	214.39

Cash at bank of the Group includes US\$ 217.07 million (31 March 2019: US\$26.77 million) in currencies other than INR (i.e., in US\$, GBP, SGD and EURO).

15 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 amounting to US\$108.70 million (31 March 2019: US\$ 77.39 million) are classified as 'bank deposits'. Deposits with maturity date beyond 12 months from the reporting date amounting to US\$78.83 million (31 March 2019: US\$73.32 million) are disclosed under non-current assets. Bank deposits aggregating to US\$ 80.61 million (31 March 2019: US\$ 98.01 million) given as security.

Bank deposits include US\$ 14.00 million (31 March 2019: US\$ 3.12 million) in currencies other than INR (i.e., in US\$).

16 Share capital

	31 March 2020	31 March 2019
Issued and fully paid with no par value		
919,075,134 (31 March 2019: 802,975,134) Class A shares	1,709.28	1,415.80
21,132,000 (31 March 2019: Nil) Class B2 Performance shares	0.00	-
Total	1,709.28	1,415.80

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 the year, the Company has issued 116,100,000 Class A ordinary shares to the existing shareholders.
- 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. These Class B2 performance shares are subsequently convertible into Class A shares, pursuant to and in accordance with the terms of the agreement.
- During June 2018, the Company granted a right to subscribe 51,271,209 warrant shares to Greenko Ventures Limited ("GVL") at the fair value as on the date of grant. These warrants may be exercised by GVL at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. On exercise, these warrants are convertible to 51,271,209 Class A shares of the Company.
- During May 2019, the Company granted a right to subscribe 61,087,734 warrant shares towards Integrated Renewable Energy projects (IREP) and additional 40,546,842 warrant shares subject to an M&A to Greenko Ventures Limited ("GVL") at the fair value as on the date of grant. These warrants may be exercised by GVL at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. On exercise, these warrants are convertible into Class A shares of the Company.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

17 Trade and other payables

	31 March 2020	31 March 2019
Trade payables	31.37	26.37
Capital creditors	52.96	51.80
Interest accrued but not due on borrowings	61.18	94.92
Cost of acquisition payable	92.25	77.59
Deferred income	9.32	9.45
Advances from equity-accounted investees	5.09	1.93
Other payables	32.77	41.48
Total trade and other payables	284.94	303.54
Less: Non-current portion	(19.28)	(65.18)
Current portion	265.66	238.36

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 two solar projects acquired during the year. 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.

Advances from equity-accounted investees represents amounts received from the said investees towards asset procurement and plant commissioning services.

18 Borrowings

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

	31 March 2020	31 March 2019
Non-current – Financial liabilities measured at amortised cost		
Term loans from banks	77.72	293.64
Term loans from financial institutions	1,007.87	1,862.79
5.25% Senior Notes {Refer Note 18.5 (a)}	644.79	643.24
4.875% Senior Notes {Refer Note 18.5 (a) and (b)}	839.08	836.01
5.55% Senior Notes {Refer Note 18.5 (c)}	492.59	-
5.95% Senior Notes {Refer Note 18.5 (c)}	527.07	-
6.25% Senior Notes {Refer Note 18.5 (d)}	430.43	-
Notes {Refer Note 18.5 (e)}	-	124.10
Floating Rate Bonds {Refer Note 18.5 (f)}	-	74.89
	4,019.55	3,834.67
Current – Financial liabilities measured at amortised cost		
Term loans from banks	2.66	31.30
Term loans from financial institutions	97.18	235.85
Working capital loans	47.97	-
Vehicle loans	-	0.10
	147.81	267.25
Total borrowings	4,167.36	4,101.92

18.1 Term loans from banks and financial institutions mature over the financial years 2021 to 2040 and bear floating rates of interest in the range of 8.75% to 13.75%.

18.2 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\$53.10 million (31 March 2019: US\$63.50 million).

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

18 Borrowings (continued)

18.3 The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 March 2020	31 March 2019
Indian Rupee (INR)	1,233.40	2,423.68
US Dollar (US\$)	2,933.96	1,678.24
	4,167.36	4,101.92

18.4 The carrying amounts of the Group's borrowings are denominated in the following nature

	31 March 2020	31 March 2019
Fixed rate of interest	3,573.28	2,248.07
Variable rate of Interest	594.08	1,853.85
	4,167.36	4,101.92

18.5 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 (the Senior Notes) respectively from institutional investors. The Senior Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue and as permitted under law, Greenko Dutch B.V. invested issue proceeds, net of issue expenses 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 and the principal amount is payable on 24 July 2022 and 24 July 2024 respectively. 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 are 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 is 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.
- 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 are listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue and as permitted under law, Greenko Mauritius has utilised the issue proceeds, net of issue expenses, for repayment of existing debt of Greenko Mauritius and certain existing indebtedness of Indian subsidiaries. The interest on the Senior Notes is payable on a semi-annual basis in arrears and the principal amount is payable on 21 February 2023. 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.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

18 Borrowings (continued)

- e) Greenko Mauritius has raised funds to the tune of US\$125.00 million in December 2014 by issuing Notes to EIG Greenko Holdings S.À R.L. ("EIG") with a cash coupon of 5% per annum payable on a semi-annual basis and PIK coupon of 8% per annum payable on maturity. These notes were secured by pledge of 146,534,571 equity shares of Greenko Mauritius. During the year, Greenko Mauritius has repaid the entire loan amount.
- f) Greenko Power Projects (Mauritius) Ltd ("GPPML"), a subsidiary of Greenko Mauritius, raised funds to the tune of US\$ 75.00 million by issuing Floating Rate Secured Guaranteed Bonds with an interest rate of three month LIBOR plus 4.75 per cent per annum to institutional investors in October 2018 on a private placement basis and were due for payment in April 2020. The Bonds were secured by corporate guarantee of Greenko Mauritius and pledge of all shares of Orange Renewable Holding Pte Ltd owned by GPPML. During the year, GPPML has repaid the entire loan amount.

18.6 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.

18.7 Reconciliation of liabilities arising from financing activities:

	As at 1 April 2019	Proceeds during the year	Repay- ment during the year	Additions through business combinations	Non-cash changes		As at 31 March 2020
					Foreign Exchange movements	Transacti- on costs/ accrued	
Borrowings	4,101.92	1,587.24	(1,455.63)	69.23	(132.98)	(2.42)	4,167.36
Lease liabilities (note 27)	9.26	-	(1.56)	-	(0.73)	0.94	7.91

19 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 2020	31 March 2019
Deferred tax liabilities		
— to be recovered beyond 12 months from reporting date	439.58	430.00
— to be recovered within 12 months	-	-
	439.58	430.00

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

	Tangible assets	Intangible assets	Others	Total
At 01 April 2018	122.45	99.56	(18.41)	203.60
Acquisition through business combination (Refer Note 28)	49.35	146.80	-	196.15
Recognised in profit or loss	37.52	(6.89)	-	30.63
Exchange difference	(3.25)	1.77	1.10	(0.38)
At 31 March 2019	206.07	241.24	(17.31)	430.00
Acquisition through business combination (Refer Note 28)	9.04	17.90	(1.53)	25.41
Recognised in profit or loss	33.27	(11.25)	0.33	22.35
Exchange difference	(19.30)	(19.68)	0.80	(38.18)
At 31 March 2020	229.08	228.21	(17.71)	439.58

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. The Group did not recognise the deferred tax asset of US\$ 45.90 million (31 March 2019: US\$ 40.05 million) on Minimum Alternate Tax (MAT) credit entitlement in respect of certain Indian entities, because it is not probable that future taxable profit will be available against which the Group can use these MAT credit entitlements.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

20 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 2020	31 March 2019
Sale of power	630.09	465.72
Sale of renewable energy certificates	5.08	2.23
Generation based incentive	25.69	17.10
	660.86	485.05

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 for units of power 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 2020	31 March 2019
Revenue from wind assets	379.39	244.78
Revenue from solar assets	212.34	174.65
Revenue from hydropower assets	67.53	63.26
Revenue from others	1.60	2.36
Total	660.86	485.05

Details of revenue from contracts with customers:

	31 March 2020	31 March 2019
Revenue as per contracted price	665.17	490.99
Less: Rebates	(4.31)	(5.94)
	660.86	485.05

21 Retirement benefit obligations

The Group has an obligation towards defined benefit plans towards gratuity and compensated absences of US\$ 2.31 million (31 March 2019: US\$1.95 million) and US\$ 1.12 million (31 March 2019: US\$1.05 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\$0.12 million towards the gratuity plan for the year ending 31 March 2021.

22 Employee benefit expense

	31 March 2020	31 March 2019
Salaries and wages	18.73	12.18
Share-based payments (refer below)	7.81	-
Employee welfare expenses	0.77	0.79
Retirement benefits—defined contribution plans	0.70	1.04
Retirement benefits—defined benefit plans		
-Gratuity	0.44	0.47
-Compensated absences	0.16	0.38
	28.61	14.86

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

22 Employee benefit expense (continued)

Share-based payments:

During the year, the Company has issued 21,132,000 Class B2 performance shares to GVL Management Services Limited ("GMSL"), a company in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest, in consideration for a subscription amount of US\$ 1. 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. Further these shares are not entitled to participate in the net assets on liquidation of the Company. GMSL will be entitled to convert these performance shares into Class A Shares if and to the extent that the Group achieves certain financial targets such as EBITDA performance hurdle and valuation performance hurdle as set out in the Promoter Incentive Deed entered on 23 May 2019 for the financial year ending 31 March 2019 to financial year ending 31 March 2023.

The fair value of said performance shares has been determined using the price at which new shares have been allotted to all the other existing shareholders on the date of grant. There are no Class B2 Performance shares converted into Class A shares during the year.

During the year ended 31 March 2020, the Group has assessed the entitlement and has accrued costs to the extent performance hurdle has been met in respect of share-based payments amounting to US\$ 7.80 million in retained earnings. The weighted average remaining contractual life of unvested options is in the range of 1 to 3 years.

23 Finance income and costs

	31 March 2020	31 March 2019
Finance income		
Foreign exchange gain	0.10	0.04
Interest on bank deposits	14.03	14.77
Fair value gain on derivative contracts, net	68.39	29.12
Dividend from units of mutual funds	0.17	0.20
	82.69	44.13
Finance costs		
Finance cost on borrowings	338.90	274.47
Finance cost on derivative instruments	15.52	7.66
Loan restructuring costs	26.32	-
Bank charges	2.01	0.87
	382.75	283.00

During the year, the Group has raised US\$ denominated Senior Notes (Refer note 18.5) and invested the proceedings to repay the existing US\$ debt and invested in INR Non-convertible debentures of certain Indian subsidiaries to enable repayment of existing rupee loans. Loan restructuring costs amounting to US\$26.32 million represents the cost of prepayment and unamortised transaction costs of existing rupee loans.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

24 Taxation

	31 March 2020	31 March 2019
Current tax	21.03	16.00
Deferred tax (note 19)	22.35	30.63
	43.38	46.63

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 2020	31 March 2019
Profit before taxation	64.84	85.40
Tax rate applicable to entities in Group operating in India	26%	26%
Expected tax expense	16.86	22.20
Tax effect of:		
Withholding tax in India on interest payments on inter-company debt from group companies in other jurisdictions	5.21	2.38
Effect of tax rate in other jurisdictions (Mauritius and Singapore)	0.72	0.36
Minimum alternative tax by entities eligible for tax holiday period	12.69	16.00
Deferred tax asset not recognised on temporary differences	4.59	5.69
Share-based payments, impairments and others	3.31	-
Tax charge	43.38	46.63

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% (31 March 2019: 18.50%) 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, the Group has decided not to opt for this lower tax benefit and have continued under the old regime for all the entities in India and availing tax holiday for subsidiaries eligible under 80-IA of the Income Tax Act, 1961. For the fiscal year ended 31 March 2020, the statutory income tax rate as per the Income Tax Act, 1961 ranges between 25% to 30% (31 March 2019: 25% to 30%) plus applicable surcharge and cess.

25 Commitments and contingencies

The commitments and contingencies of the Group for the year 31 March 2020 and 31 March 2019 are:

- A few of the Group's power generating units in India have income tax disputes and indirect tax disputes with the tax authorities. The Group has appealed against the orders of the income tax officer/authority 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\$6.73 million (31 March 2019: US\$4.78 million).
- In December 2010, Sai Spurthi Power Private Limited (SSPPL), received a letter from a bank informing SSPPL that three corporate guarantees aggregating to US\$6.26 million (31 March 2019: US\$6.83 million) were given by SSPPL in respect of loans availed by Sagar Power (Neerukatte) Limited, a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile management, the management believes that only one corporate guarantee of US\$0.59 million (31 March 2019: US\$ 0.64 million) was provided to the bank. The management is confident that the contingent liability of SSPPL under the corporate guarantees issued will not exceed US\$0.59 million (31 March 2019: US\$ 0.64 million). Further, as per the terms of the share purchase agreement with the promoters/erstwhile seller-shareholders of SSPPL, the promoters/erstwhile seller-shareholders of SSPPL are required to have the corporate guarantee(s) released without any liability to SSPPL or the Group.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

25 Commitments and contingencies (continued)

During 2012-13, SSPPL received a communication from Indian Renewable Energy Development Agency ("IREDA") informing that SSPPL had given a corporate guarantee of US\$1.00 million (31 March 2019: US\$ 1.09 million) for the credit facilities availed by Bhadragiri Power Private Limited, a company promoted and owned by erstwhile management of SSPPL. On verification of records and discussions with the erstwhile Managing Director, SSPPL came to an opinion that the said corporate guarantee was not executed on behalf of SSPPL and hence SSPPL is not responsible for any liability under those documents. This is a matter of dispute which needs to be finally settled. The promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle this liability, if any.

- c) Greenko Budhil Hydro Power Private Limited (Greenko Budhil), one of the subsidiaries of the Company, had received demand notices aggregating to US\$10.06 million (31 March 2019: US\$10.96 million) from various government authorities in relation to duty drawback, construction cess, entry tax 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. Petitions 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.

- d) 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\$3.88 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\$ 8.87 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\$ 5.85 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.

- 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 has a strong case and outflow of economic resources is not probable.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

25 Commitments and contingencies (continued)

- f) In addition to matters mentioned above, the Group is subject to litigations and claims 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 litigations and claims.

g) **Capital commitments**

Capital expenditure contracted for as at 31 March 2020 but not yet incurred aggregated to US\$433.34 million (31 March 2019: US\$416.18 million).

- 26 During the year, the renewable energy long term Power Purchase Agreements (“PPAs”) particularly solar and wind PPAs entered with the State of Andhra Pradesh has come under scrutiny by the newly elected Government of Andhra Pradesh which has attempted to revisit the agreed Wind and Solar tariffs. The Southern Power Distribution Company of Andhra Pradesh Limited (“APDISCOM”) has issued unilateral notices on 12 July 2019 for few wind and solar companies across the industry for reduction of tariffs to Rs. 2.44 per kwh. The Government of Andhra Pradesh has also constituted a High Level Negotiating Committee (“HLNC”) for negotiation with these wind and solar entities. The Association of Renewable Power Generating companies had approached the Hon’ble High Court of Andhra Pradesh (“AP HC”), which have heard both the parties and has disposed-off the case, by clearly giving orders that the PPA does not have any clause for revisiting the tariff during the tenure of PPA and even going by the general Indian Contract Act, the revision is not permissible without mutual consent of the parties. AP HC cancelled and made void the Government Andhra Pradesh order for constitution of the HLNC.

In line with other companies, few of our Group companies has also received notices for reduction of tariff to Rs. 2.44 per kwh on 12 July 2019 and received notices for public hearing. With respect to notices received, the Group has filed appeals with Appellate Tribunal for Electricity (“APTEL”). APTEL has stayed the consequences of these notices.

The AP HC also instructed APDISCOM to honour pending and future bills but in interim to pay the money at a rate of Rs. 2.44 per unit (as against the billed rate) to discharge the obligations by generation companies. The AP HC also stated that this rate is only an interim measure until the matter is resolved by the APERC and directed the APERC to conclude this matter within 6 months period.

In view of the relief from AP HC, the recent APTEL orders in favour of Group and based on the various support regulations issued by the Central Government of India, considering the signed PPAs, the Group continues to recognise the revenue at the original agreed PPA tariff and has determined that the receivables are currently fully recoverable. Total trade receivable balance outstanding from APDISCOM as on 31 March 2020 is US\$ 167.90 million.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****27 Leases****Leases as lessee**

The Group leases assets like office premises, land for development of plants, vehicles and office equipment. As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment or whether the lessee transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most 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 for the year ended 31 March 2020:

	Lands	Buildings	Total
Recognised on 01 April 2019	1.15	7.35	8.50
Additions	8.08	-	8.08
Acquisition through business combination (note 7)	1.33	-	1.33
Exchange differences	(0.76)	(0.61)	(1.37)
As at 31 March 2020	9.80	6.74	16.54
Accumulated depreciation and impairment			
As at 01 April 2019	0.18	-	0.18
Charge for the year	0.33	1.00	1.33
Exchange differences	(0.02)	(0.07)	(0.09)
As at 31 March 2020	0.49	0.93	1.42
Net book values			
As at 31 March 2020	9.31	5.81	15.12

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 during the year ended 31 March 2020:

	Amount
Recognised on 01 April 2019	9.26
Additions	-
Finance cost accrued during the year	0.94
Payment of lease liabilities	(1.56)
Translation difference	(0.73)
Balance as of 31 March 2020	7.91

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

The following is the break-up of current and non-current lease liabilities as of 31 March 2020:

	Amount
Current	0.69
Non-current	7.22
Total	7.91

The following is maturity profile of undiscounted lease payments as at 31 March 2020:

	Amount
Less than one year	1.48
One to five years	5.49
More than five years	6.37
Total	13.34

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.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****27 Leases (continued)**

The following is the amount recognised in statement of profit and loss for the year ended 31 March 2020:

	<u>Amount</u>
Variable lease expenses (other than short term)	-
Short-term lease expense	0.11
Low value lease expense	-

Amounts recognised in the statement of cash flows for the year ended 31 March 2020:

	<u>Amount</u>
Payment of lease liabilities	1.56

The impact on account on adoption of IFRS 16 is as follows:

	<u>Amount</u>
Increase in lease liability as at 31 March 2020 by	7.91
Increase in Right-of use as at 31 March 2020 by	15.12
Increase in finance cost by	0.94
Increase in depreciation by	1.33

28 Business combinations**During the year:**

- a) On 1 May 2019, the Group through its subsidiary has acquired control on “Jilesh Power Private Limited” from SunEdison Group (referred as “Jilesh”). The entity is operating entity with a capacity of 45 MW. The Group has acquired 49% shareholding in earlier years from SunEdison Group and has acquired the balance shareholding during the period.

The valuation of the assets and liabilities acquired has been carried out on 01 April 2019 considering that the effect of transactions from 01 April 2019 to 01 May 2019 are not material to the consolidated financial statements.

The amounts of revenue and profit related to Jilesh since the acquisition date (i.e. 1 April 2019) included in the consolidated statement of profit or loss for the reporting period is US\$7.41 million and US\$1.16 million respectively.

- b) On 31 March 2020, the Company through its wholly owned subsidiaries Greenko Energies Private Limited (“GEPL”) and Greenko Power Projects (Mauritius) Limited (“GPPML”) entered into definitive agreements with Athena Infra Projects Private Limited and Investor Trust (FZC) for acquisition of 100% shareholding held by these two shareholders in Everest Power Private Limited (“EPPL”). The transaction primarily involved acquisition of 100MW operating hydro power plant in Himachal Pradesh in India. The acquisition was completed on 31 March 2020 and the valuation of the acquired assets and liabilities has been carried out on 31 March 2020. The Group has obtained the control by virtue of Board Composition and control by virtue of share purchase agreements including the power to direct the relevant activities of the investee unilaterally. The administrative process of transfer of shares in the name of the GEPL and GPPML is in progress which is procedural in nature.

If the acquisition had occurred on 1 April 2019, the amount of revenue and profit from EPPL would have been US\$ 16.16 million and US\$ 0.19 million respectively.

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 bargain purchase are given below:

	<u>Jilesh</u>	<u>EPPL</u>	<u>Total</u>
Purchase consideration:			
- Advance for purchase of equity	0.16	-	0.16
- Investment in associates	0.17	-	0.17
- Consideration payable	-	46.62	46.62
Total purchase consideration	0.33	46.62	46.95
Fair value of net assets acquired	11.31	61.29	72.60
Excess of group’s interest in the fair value of acquiree’s assets and liabilities over cost	(10.98)	(14.67)	(25.65)

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Business combinations (continued)

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

	Jilesh	EPPL	Total
Property, plant and equipment	39.69	71.96	111.65
Intangible assets	22.51	44.10	66.61
Long term loans and advances	0.24	0.01	0.25
Working capital (net)	(11.67)	(0.04)	(11.71)
Cash and cash equivalents	0.28	0.16	0.44
Borrowings	(32.51)	(36.72)	(69.23)
Deferred tax liability	(7.23)	(18.18)	(25.41)
Net assets	11.31	61.29	72.60

Net cash inflow on account of business combinations

	Jilesh	EPPL	Total
Total purchase consideration	0.33	46.62	46.95
Advances and investments in associates	(0.33)	-	(0.33)
Consideration payable	-	(46.62)	(46.62)
Cash and cash equivalents	0.28	0.16	0.44
Net cash inflow on acquisitions	0.28	0.16	0.44

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 on bargain purchase to the Group.

The trade receivables comprise gross contractual amounts due of US\$ 11.73 million which are expected to be fully recoverable as at the date of acquisition.

During the previous year:

- a) During October 2018, the Company through its wholly owned subsidiary Greenko Power Projects (Mauritius) Limited ("GPPM") entered into a definitive agreement with AT Holdings Pte Limited to acquire the equity shares of Orange Renewable Holdings Pte Limited, Singapore and certain target Indian subsidiaries (collectively referred as "Orange Group").

The transaction primarily involved acquisition of selected portfolio of wind and solar power projects in India. The selected portfolio consists of 707 MW operational wind and solar projects and 200 MW under development wind project. The acquisition was completed on 04 October 2018. However, the valuation of the acquired assets and liabilities has been carried out on 01 October 2018 considering that the effect of transactions from 01 October 2018 to 04 October 2018 were not material to the consolidated financial statements.

- b) During October 2018, the Company through its wholly owned subsidiaries Greenko Energies Private Limited ("GEPL") and Wind Power Projects (Mauritius) Limited ("WPP") entered into definitive agreements with Tanti Holdings Private Limited, Golden Slam India Investments Private Limited and AEP II Holdings Pte Ltd to acquire Skeiron Green Power Private Limited and its subsidiaries (collectively referred as "Skeiron Group").

The transaction primarily involved acquisition of selected portfolio of 384 MW operating wind power projects in India. The acquisition was completed on 31 October 2018 and the valuation of the acquired assets and liabilities has been carried out on 31 October 2018.

- c) During December 2018, the Company through its wholly owned subsidiary Greenko East Coast Power Projects Private Limited has acquired the control of Himachal Sorang Power Private Limited (HSPPL) post the approval of Government of Himachal Pradesh for transfer of equity from Taqa India Power Ventures Private Limited. The transaction primarily involved acquisition of 100 MW hydro project which is near completion stage and situated in Himachal Pradesh, India (Himachal Sorang). The acquisition was completed on 31 December 2018 and the valuation of the acquired assets and liabilities has been carried out on 31 December 2018.
- d) The Group through its subsidiaries has acquired 49% shareholding in below solar entities from SunEdison Group and Karvy Group in earlier years (collectively referred as "Solar entities"). These entities are operating entities with a capacity of 180 MW. During November 2018 and March 2019, the Group has acquired the balance 51% shareholding of below SunEdison solar entities. Pursuant to the conditions being met in March 2019, the Group obtained the control over the Board of Karvy solar entities including the power to direct the relevant activities of the investee unilaterally. Share transfer got completed during the year.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Business combinations (continued)

Sl. No.	Entity	Acquired from	Control obtained during
1.	SEI Green Flash Private Limited	SunEdison	November 2018
2.	SEI Arushi Private Limited	SunEdison	November 2018
3.	Zuka Power Private Limited	SunEdison	March 2019
4.	Rain Coke Limited	SunEdison	March 2019
5.	Suvarchas Solar Power Limited	Karvy	March 2019
6.	Vishvarupa Solar Power Limited	Karvy	March 2019
7.	Achintya Solar Power Limited	Karvy	March 2019
8.	Grinibhrit Solar Power Limited	Karvy	March 2019

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 on bargain purchase to the Group.

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 bargain purchase are given below:

	Orange entities	Skeiron entities	Solar entities	Himachal sorang	Total
Purchase consideration:					
- Cash paid	377.83	113.83	-	-	491.66
- Advance for purchase of equity	-	-	10.84	-	10.84
- Investment in associates	-	-	8.10	-	8.10
- Deferred consideration*	15.86	25.08	-	-	40.94
- Contingent consideration*	16.15	7.19	-	-	23.34
Total purchase consideration	409.84	146.10	18.94	-	574.88
Fair value of net assets acquired	414.90	195.77	55.24	9.79	675.70
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	(5.06)	(49.67)	(36.30)	(9.79)	(100.82)

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

	Orange entities	Skeiron entities	Solar entities	Himachal sorang	Total
Property, plant and equipment	624.55	342.84	147.13	130.77	1,245.29
Intangible assets	288.16	162.50	71.69	-	522.35
Long term loans and advances	35.25	-	5.00	2.64	42.89
Other investments	30.22	3.45	-	-	33.67
Working capital (net)	39.56	43.03	23.55	(18.74)	87.40
Bank deposits	11.05	-	7.11	1.12	19.28
Cash and cash equivalents	10.67	0.83	0.34	0.17	12.01
Borrowings	(457.47)	(297.44)	(123.69)	(99.83)	(978.43)
Other payables	(54.16)	-	(52.11)	(4.73)	(111.00)
Deferred tax liability	(112.93)	(59.44)	(23.78)	-	(196.15)
Contingent liability	-	-	-	(1.61)	(1.61)
Net assets	414.90	195.77	55.24	9.79	675.70

Net cash outflow on account of business combinations

	Orange entities	Skeiron entities	Solar entities	Himachal sorang	Total
Total purchase consideration	409.84	146.10	18.94	-	574.88
Advances and investments in associates	-	-	(18.94)	-	(18.94)
Consideration payable*	(32.01)	(32.27)	-	-	(64.28)
Cash and cash equivalents	(10.67)	(0.83)	(0.34)	(0.17)	(12.01)
Net cash outflow on acquisitions	367.16	113.00	(0.34)	(0.17)	479.65

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Business combinations (continued)

The amounts of revenue and loss related to entities acquired above since the acquisition date included in the consolidated statement of profit or loss for the reporting period is US\$59.93 million and US\$34.59 million respectively.

If all these acquisitions had occurred on 1 April 2018, the amount of revenue and profit/(loss) would have been US\$ 213.46 million and US\$ (12.53) million respectively.

The trade receivables comprise gross contractual amounts due of US\$ 103.62 million which are expected to be fully recoverable as at the date of acquisition.

* The Group has agreed to pay contingent consideration of US\$ 23.34 million and deferred consideration of US\$ 40.95 million. Contingent consideration is for (i) an additional consideration of US\$ 20.92 million against Orange Group acquisition towards upside tariff revision in one of the project, future receivables to the extent of GBI in Andhra Pradesh wind power projects, realisations from sale of Voluntary Emission Reductions (VER) and other claims and (ii) an additional consideration of US\$8.86 million against Skeiron Group acquisition towards future receivables to the extent of GBI in Andhra Pradesh wind power projects and other claims. Management based on an assessment of the facts existing on the acquisition date, made a fair value estimate of the additional consideration to the extent probable on the acquisition date. Accordingly, the Group has recognised contingent consideration of US\$23.34 million representing the present value of Group's probability weighted estimate of cash outflow at the acquisition date.

Deferred consideration is towards trade receivables and certain other receivables outstanding on the date of acquisition. As per the terms of the share purchase agreements, consideration against these receivables are payable upon realisation / settlement of receivables from these parties and recorded at fair value.

Movement in contingent consideration and deferred consideration during the year as follows:

	Contingent consideration	Deferred consideration
As at 1 April 2019	23.34	40.95
Change in fair value	0.15	1.04
Settlement during the year	(1.84)	(27.62)
As at 31 March 2020	21.65	14.37

Costs associated with acquisitions during the year and previous year 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.

Instantiable assets (Power Purchase Agreements) - Multi Period Excess Earnings Method ("MEEM"). 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.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****29 Related-party transactions**

- a) Cambourne Investment Pte Limited, an affiliate of Government of Singapore Investment Company (“GIC”) is considered as the Holding Company of the Group. Further, Greenko Ventures Limited, GVL Investments Limited, GVL Management Services Limited, GVL (Mauritius) Limited and Horizontes Capital Partners Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest, holds 17.74% in the Company.
- b) The following transactions were carried out with related parties:

Key management compensation

	31 March 2020	31 March 2019
Short-term employee benefits		
Mr. Om Prakash Bhatt	0.25	0.25
Mr. Kunnasagaran Chinniah	0.08	0.08
Mr. Nassereddin Mukhtar Munjee (w.e.f 2 April 2019)	0.07	-
Mr. Sriram Yarlagadda (Upto 2 April 2019)	0.01	0.08
Total short-term employee benefits	0.41	0.41

Share-based payments

	31 March 2020	31 March 2019
Short-term employee benefits		
GVL Management Services Limited (Refer note 22)	7.81	-
	7.81	-

- c) During the year, the Company has issued 12,000,000 Class A ordinary shares to Horizontes Capital Partners Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-executive directors) have a beneficial interest.
- d) During the year, the Company has issued 21,132,000 Class B2 performance shares to GVL Management Services Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-executive directors) have a beneficial interest.
- e) **Equity-accounted investees:**

	31 March 2020	31 March 2019
Interest free inter-company loans receivable on demand		
Advances given to Equity-accounted investees	80.90	2.70
Amounts refunded by Equity-accounted investees	3.16	32.85
Amount receivable	89.41	32.80
Amount payable	5.09	1.93

30 Equity-accounted investees

The Group also has interests in a number of individually immaterial associates. The Group owns 49% of the voting rights and accordingly the Group determined that it has significant influence.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates:

	31 March 2020	31 March 2019
Carrying amount of interests in associates	0.18	7.43
Additional investment during the year	-	0.70
Transfer on account of business combination (Refer Note 28 (d))	(0.17)	(8.10)
Share of:		
(Loss)/ Profit from continuing operations	(0.01)	0.15
	-	0.18

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

31 Impact of COVID-19:

In preparation of the financial statements, the Group has considered the business environment arising out of the COVID-19 outbreak globally and in India. The Power plants of the Group are operating, and generation of energy is normal as the generation and supply of electricity is considered to be an essential service in India. The management believes that the impact of this outbreak on the business and financial position of the Group will not be significant. The Group has not experienced any material impact on collection of its receivables from DISCOM's. Further, the Ministry of New and Renewable Energy ('MNRE') has issued directives to all State DISCOM's to adhere to the terms and conditions of PPA's and also to ensure the status of "Must Run" with respect to Renewable energy generating companies. The Group believes that as such, the 'Force Majeure' notices from the DISCOMs across the industry have no legal effect. The Group is continuously monitoring the situation with respect to the uncertainties in the environment on account of the COVID-19 pandemic.

32 Subsequent events:

- a) Subsequent to March 2020, Greenko Solar (Mauritius) Limited, a subsidiary of the Company has entered into forward option agreements with various banks for US\$1,035.00 million to hedge its Indian Rupee debt investments in non-convertible debentures of certain Indian subsidiaries of the Company.
- b) 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, subject to regulatory, lenders and customary approvals, under which the Group will acquire 34.31% shareholding of Teesta Urja Limited, which has the underlying asset of 1,200 MW of Hydro power project in North Sikkim, India, at an agreed consideration. The requisite regulatory approvals for acquisition of 34.31% shareholding of Teesta Urja Limited are received subsequent to 31 March 2020 and the Group is awaiting for approval of majority shareholders of Teesta Urja Limited for execution of the transaction.

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 Investment Company ("Restricted Group II") and Greenko Solar (Mauritius) Limited ("Restricted Group III").

Overview

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

As of 31 March 2020, our portfolio of assets consists of (i) 112 operational projects with a combined installed capacity of 4,224.1 MW, comprising 23 operational hydropower projects with a total installed capacity of 489.4 MW, 35 operational wind energy projects with a total installed capacity of 2,298.5 MW, 47 operational solar energy projects with a total installed capacity of 1,357.9 MW and seven operational thermal projects (which include biomass and gas) with a total installed capacity of 78.3 MW, (ii) six projects under construction with a total licensed capacity of 254.5 MW, comprising one wind project with a licensed capacity of 20.0 MW and five hydropower projects with a total licensed capacity of 234.5 MW, and (iii) 6 hydropower projects under active development with a total licensed capacity of 369.0 MW. We are also constructing two integrated renewable energy storage projects ("IRESPs"), the Pinnapuram Pumped Storage Project and the Saundatti Pumped Storage Project, with a total pumped storage capacity of 2,460.0 MW equivalent to 22.1 GWh and with national grid connectivity. The IRESPs are expected to harness the power of solar and wind resources with digitally connected storage infrastructure to provide scheduled and flexible power to the grid.

Factors Affecting our Results of Operations

Impact of Weather and Seasonality

Weather conditions can have a significant effect on our power generating activities. The profitability of a wind energy project is directly correlated with wind conditions at the project site. Variations in wind conditions occur as a result of fluctuations in wind currents on a daily, monthly and seasonal basis and, over the long term, as a result of more general changes in climate. In particular, wind conditions are generally tied to the monsoon season in India and are impacted by the strength of each particular monsoon season. The monsoon season in India runs from June to September and we generate approximately 60.0% 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. 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.

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.

Significant Recent Growth

We have significantly expanded our installed base of operational projects. In recent years, we have made a number of acquisitions, including the SunEdison Acquisition, the Orange Renewable Acquisition and the Skeiron Acquisition, 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.

The following table sets forth the capacity of our operational projects as of 31 March 2020 and 31 March, 2019:

	As of 31 March, 2020	As of 31 March, 2019
	Capacity (MW)	Capacity (MW)
Operational projects.....	4,224.1	3,969.5

In FY2020 and FY2019, we generated 9,969.6 GWh and 7,174.8 GWh of power, respectively. FY 2020 includes operations of assets acquired in Orange renewable acquisition and Skeiron acquisition for a full year of operations whereas FY 2019 includes operations from the period of respective acquisitions only.

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.

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 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 regulatory and prudential operating standards. Future costs will be highly dependent on the cost of components and availability of contractors that can perform the necessary work to construct, maintain and/or improve our projects, as well as changes in laws, rules and regulations which could require us to make capital improvements to our projects.

Exchange Rate Fluctuations

The Consolidated Financial Statements and the Restricted Group Combined Financial Statements are presented in U.S. dollars. However, the functional currency of our operating subsidiaries in India is Indian Rupees and they generate revenues and incur borrowings in Indian Rupees. In addition, as the equity or debt raised outside India from holding companies is always in foreign currency, presentation of currency translation issues in the profit and loss account of the Parent Guarantor and the Restricted Group arise, which results in distorted figures of profits or losses depending upon cross-currency issues of the British pound, the Euro, the U.S. dollar and the Indian Rupee. Accordingly, the results of operations of the Parent Guarantor and the Restricted Group 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 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 completed between 1 April 2013 to 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 contributes to the revenue received for the power our projects generate. The support for clean energy has been strong in recent years, and the Indian Government has periodically reaffirmed its desire to sustain and strengthen that support with a target to achieve 100 GW and 60 GW in commissioned solar

and wind projects respectively by 2022. Additional regulatory requirements could contribute to increase in demand for clean energy and/or to increase in power prices. For example, the aim of the Indian Government is for 17.0% of India's energy requirements to be derived from renewable energy sources by 2019 and the Renewable Purchase Obligation ("RPO") is one of the regulatory measures implemented to ensure the achievement of this goal.

To this end, distribution companies of a state, open access consumers and captive consumers are obligated to purchase a certain percentage of their power from renewable sources under the RPO rules.

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

Financing Requirements

Energy project development and construction are capital intensive. We incur costs and expenses for the purchase of 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, 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 Condensed Consolidated Interim Financial Statements:

Revenue

Our revenue consists of the sale of power, the sale of renewable energy certificates ("RECs"), GBI and interest for delayed payments, if any.

Sale of power

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

Sale of renewable energy certificates

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

Generation Based Incentive

The GBI scheme, which provides an incremental incentive of Rs. 0.5/kWh capped at Rs. 10 million per MW, was reinstated in April 2013 for new wind energy projects and benefits all the wind capacity commissioned since that date to 31 March 2017. Revenue from GBI is recognized based on the number of units exported or if the eligibility criteria is met in accordance with the guidelines issued by the Indian Renewable Energy Development Agency Limited for GBI scheme.

Other Operating Income

Other operating income refers to income from activities other than normal business operations, and includes profit or loss on sale and disposal of assets, exchange difference in foreign currency-denominated current accounts.

Cost of Material and Power Generation Expenses

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

Employee Benefits Expense

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

Other Operating Expenses

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

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.

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

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

The 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 negotiating skills.

Depreciation and Amortization

Depreciation and impairment in value of tangible assets

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items and borrowing costs during 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 in value. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

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

Finance Income

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

Finance Costs

Finance costs comprises interest on borrowings and bank charges. 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. Such entities include the entities we had acquired as part of the SunEdison Acquisition.

Taxation

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

Results of Operations — Consolidated Financial Statements

Fiscal Year ended March 31, 2020 Compared to Fiscal Year ended March 31, 2019.

On May 29, 2018, we entered into a share purchase agreement (as amended) through our wholly-owned subsidiary, Greenko Power Projects (Mauritius) Limited, to acquire 100.0% of the issued share capital of Orange Renewable Holding Pte. Ltd. from AT Holdings Pte. Ltd. (the “Orange Renewable Acquisition”), which was completed on October 1, 2018. Through the Orange Renewable Acquisition, we acquired entities holding (i) 11 operational wind energy projects with a total installed capacity of 567.2 MW and one wind energy project under construction with a total licensed capacity of 200.0 MW and (ii) two solar energy projects with a total installed capacity of 140.0 MW. The results of the entities we acquired through the Orange Renewable Acquisition (the “Acquired Orange Renewable Entities”) have been included in our results since October 2018.

On October 16, 2018 and October 17, 2018, we entered into share purchase agreements through our wholly-owned subsidiaries, Greenko Energies Private Limited and Wind Power Projects (Mauritius) Limited, to acquire Skeiron Green Power Private Limited and its subsidiaries from Tanti Holdings Private Limited, Golden Slam India Investments Private Limited and AEP II Holdings Pte Ltd (the “Skeiron Acquisition”), which was completed on October 31, 2018. Through the Skeiron Acquisition, we acquired entities holding five operational wind energy projects with a total installed capacity of 384.3 MW. The results of the entities we acquired interests in through the Skeiron Acquisition (the “Acquired Skeiron Entities”) have been included in our results since November 2018.

Through our subsidiaries, we had acquired 49.0% shareholding in certain solar entities which had been acquired as part of the SunEdison Acquisition or from the Karvy Group, namely SEI Green Flash Private Limited, SEI Arushi Private Limited, Zuka Power Private Limited, Rain Coke Limited, Suvarchas Solar Power Private Limited, Vishvarupa Solar Power Private Limited, Achintya Solar Power Private Limited and Grinibhrit Solar Power Private Limited, in prior years. These entities hold operational solar energy projects with a total capacity of 180.0 MW. In November 2018 and March 2019, we acquired the remaining 51.0% shareholding of the SunEdison solar entities. Following the satisfaction of conditions in March 2019, we obtained the control over the board of the Karvy Group solar entities including the power to direct the relevant activities of the investee unilaterally.

On 1 May 2019, through our subsidiary, we have acquired control on “Jilesh Power Private Limited” from SunEdison Group (referred as “Jilesh”). The entity is an operating entity with a capacity of 45 MW. The Group has acquired 49% shareholding in earlier years from SunEdison Group and has acquired the balance shareholding during the period.

On 31 March 2020, through our subsidiary, we have acquired Everest Power Private Limited (“EPPL”). The entity is a 100 MW operating hydro power plant in Himachal Pradesh in India.

Accordingly, the comparative amounts for the statement of profit or loss and other comprehensive income, statement of cash flows and related notes are not comparable.

Revenue

Our revenue was increased by US\$175.8 million, or 36.2%, to US\$660.9 million in FY 2020 from US\$485.1 million in FY 2019. 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, 2020	For the fiscal year ended March 31, 2019
	(US\$ in millions)	
Sale of power	630.1	465.7
Sale of renewable energy certificates	5.1	2.2
Generation based Incentive	25.7	17.1
Installed capacity at beginning of period (MW)	3,969.5	2,543.5
Installed capacity at end of period (MW)	4,224.1	3,969.5
Generation (GWh)	9,969.6	7,174.8

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2019
	(US\$ in millions)	
Revenues from wind energy projects	379.4	244.8
Revenues from solar energy projects	212.3	174.7
Revenues from hydropower projects	67.5	63.3
Revenues from thermal projects	1.6	2.3
Total	660.9	485.1

Revenue from wind energy projects increased by US\$134.6 million, or 55.0%, to US\$379.4 million in FY2020 compared to US\$244.8 million in FY2019. Revenue from solar projects increased by US\$37.7 million, or 21.6%, to US\$212.3 million in FY2020 compared to US\$174.7 million in FY2019. Revenue from hydropower projects increased by US\$4.3 million, or 6.7%, to US\$67.5 million in FY2020 compared to US\$63.3 million in FY2019. Revenue from thermal power projects in FY2020 was decreased by US\$0.8 million, or 32.3%, to US\$1.6 million in FY2020 compared to US\$2.4 million in FY2019. Generation increased by 39.0% to 9,969.6 GWh in FY2020 from 7,174.8 GWh in FY2019. The capacity of our operational projects increased from 3,969.5 MW as at March 31, 2019 to 4,224.1 MW as at March 31, 2020.

The capacity of our operational wind energy projects increased to 2,298.5 MW as at March 31, 2020 compared to 2,198.5 MW as at March 31, 2019. Our wind power projects delivered an average PLF of 27.2% in FY2020 compared to 24.0% in FY2019. The increase in PLF is mainly on account of higher wind availability in FY2020 compared to wind availability in FY2019.

The capacity of our operational solar energy projects increased to 1,357.9 MW as at March 31, 2020 compared to 1,312.9 MW as at March 31, 2019. Our solar projects delivered an average PLF of 24.4% in FY2020 compared to 24.7% in FY2019.

The capacity of our operational hydropower energy projects increased to 489.4 MW as at March 31, 2020 compared to 379.8 MW as at March 31, 2019. Our hydropower projects delivered an average PLF of 46.2% in FY2020 compared to 42.6% in the FY2019 due to a stronger monsoon season in 2020 compared to 2019.

Our thermal projects delivered an average PLF of 0.7%% in FY2020 compared to 4.3% in FY2019. We selectively run our biomass projects based on the availability of attractively-priced raw materials.

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 which was reinstated in April 2013 and recorded revenue of US\$25.7 million in FY2020 compared to US\$17.1 million in FY2019.

Our sales of REC certificates was US\$5.1 million in FY2020 compared to US\$2.2 million in FY2019.

Other operating income

Other operating income was US\$1.6 million in FY 2020 and US\$0.6 million in FY 2019.

Cost of material and power generation expenses

Cost of material and power generation expenses was US\$56.2 million in FY 2020, US\$42.7 million in FY 2019. Cost of material and power generation expenses was 8.5% of revenue in FY 2020, 8.8% of revenue in FY 2019.

Employee benefits expense

Employee benefits expense was US\$28.6 million in FY 2020, US\$14.9 million in FY 2019. The largest component of employee benefits expense was Share-based payments and salaries and wages, which have generally increased period on period as a result of the increase in employee headcount in line with the growth of our business.

Other operating expenses

Other operating expenses was US\$24.3 million in FY 2020, US\$28.6 million in FY 2019. Other operating expenses include office administration, office rent, travelling expenses, professional charges, communication, internet, stationary, rates and taxes, which have generally increased period on period as a result of the increase in operational projects in line with the growth of our business.

Impairment loss on trade receivables

Impairment loss on trade receivables was US\$9.6 million in FY2020 compared to US\$11.5 million in FY 2019 due to expected credit loss in accordance with IFRS 9.

Impairment charge on non-financial assets

Impairment charge on non-financial assets was US\$7.1 million in FY2020 compared to US\$18.3 million in FY 2019.

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\$25.7 million in FY2020 in connection with the Everest Power Private Limited and the acquisition of the remaining 51.0% interest in Jilesh Power Private Limited.

We recognized an excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$100.8 million in FY2019 in connection with the Orange Renewable Acquisition, the Skeiron Acquisition and the acquisition of the remaining 51.0% interest in certain solar entities which had been acquired as part of the SunEdison Acquisition or from the Karvy Group, namely SEI Green Flash Private Limited, SEI Arushi Private Limited, Zuka Power Private Limited, Rain Coke Limited, Suvarchas Solar Power Private Limited, Vishvarupa Solar Power Private Limited, Achintya Solar Power Private Limited and Grinibhrit Solar Power Private Limited.

Depreciation and amortization

Depreciation and amortization was US\$197.5 million in FY 2020, US\$146.5 million in FY 2019, primarily due to an increase in plant, property and equipment as a result of our on-going construction activity and acquisition of projects.

Finance income

Finance income was US\$82.7 million in FY2020 compared to US\$44.1 million in FY2019, which was primarily attributable to the fair value gain on derivative contracts amounting to US\$68.4 million in FY 2020 and US\$29.1 million in FY 2019. Interest on bank deposits was US\$14.0 million in FY2020 compared to US\$14.8 million in FY2019.

Finance cost

Finance costs were US\$382.8 million in FY2020 compared to US\$283.0 million in FY2019, which was primarily attributable to interest on our borrowings which increased to US\$4,167.4 million as of March 31, 2020 compared to US\$4,101.9 million as of March 31, 2019. We capitalized borrowing costs of US\$19.8 million in FY2020 compared to US\$9.1 million in FY2019. We recognized loan restructuring costs of US\$26.3 million during the FY 2020 representing the cost of prepayment and unamortized transaction costs attributable to the refinancing of existing debt.

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

We recognized share of loss equity-accounted investees of US\$0.0 million in FY2020 compared to profit of US\$0.2 million in FY2019 attributable to certain of the entities we acquired as part of SunEdison Acquisition.

Profit before taxation

For the reasons discussed above, we earned profit before tax of US\$64.8 million in FY 2020 compared to profit of US\$85.4 million in FY 2019.

Taxation

Taxation was US\$43.4 million in FY 2020, US\$46.6 million in FY 2019.

Our subsidiaries in India which are engaged in power generation benefited from a tax holiday from the standard Indian corporate tax in FY 2020. 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 2019: 18.50%) plus applicable surcharge and cess.

Profit for the year

As a result of the foregoing, we earned profit of US\$21.5 million in FY 2020 compared to profit of US\$38.8 million in FY 2019.

Liquidity and Capital Resources

Overview

As of March 31, 2020, our consolidated bank deposits were US\$187.5 million and our cash and cash equivalents were US\$322.2 million. Bank deposits aggregating US\$80.6 million were restricted as of March 31, 2020.

Our principal financing requirements are primarily for:

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

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

We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the progress of our various under-construction and under-active development projects, acquisition opportunities and market conditions. We expect to incur significant capital expenditures for the year ending March 31, 2021 as we develop and construct new projects and expand our operations.

Cash Flows

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

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2019
	(US\$ in millions)	
Consolidated Cash Flow Statement		
Net cash from operating activities	419.8	369.1
Net cash used in investing activities	(272.1)	(696.5)
Net cash from/(used in) financing activities	(13.8)	449.5
Cash and cash equivalents at the beginning of the year	214.4	94.7
Cash and cash equivalents at the end of the year	322.2	214.4

Net cash from operating activities

In FY2020, the net cash from operating activities was US\$419.8 million. This net cash inflow was primarily attributable to (i) profit before tax of US\$64.8 million and positive non-cash adjustment for finance cost of US\$382.8 million and depreciation and amortization of US\$197.5 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$25.7 million, (ii) changes in working capital of US\$117.6 million and (iii) a decrease in taxes paid of US\$23.8 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$121.0 million and an increase in trade and other payables of US\$4.2 million.

In FY2019, the net cash from operating activities was US\$369.1 million. This net cash inflow was primarily attributable to (i) profit before tax of US\$85.4 million and positive non-cash adjustment for finance cost of US\$283.0 million and depreciation and amortization of US\$146.5 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$100.8 million, (ii) changes in working capital of US\$18.5 million and (iii) a decrease in taxes paid of US\$11.9 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$34.8 million and an increase in trade and other payables of US\$17.5 million.

Net cash used in investing activities

In FY2020, our net cash used in investing activities of US\$272.1 million primarily consisted of (i) US\$140.9 million in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors, (ii) US\$80.9 million in relation to the advances given to equity accounted investees, (iii) US\$51.2 million investment in bank deposits (iv) Consideration paid for acquisitions made by subsidiaries of US\$29.9 million (iv) advances given for purchase of equity of US\$1.4 million, offset by interest received of US\$25.5 million.

In FY2019, our net cash used in investing activities of US\$696.5 million primarily consisted of (i) US\$265.8 million in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors, (ii) US\$479.6 million in relation to the acquisition of wind and solar entities, (iii) US\$22.8 million investment in bank deposits (iv) advances given for purchase of equity of US\$6.5 million, offset by proceeds from sale of other investments of US\$33.1 million, advances from equity accounted investees of US\$32.9 million and interest received of US\$17.7 million.

Net cash from/(used in) financing activities

In FY 2020, our net cash used in financing activities of US\$13.8 million was primarily attributable to US\$293.5 million of proceeds from the issue of shares to our shareholders, US\$1,587.2 million of proceeds from borrowings, offset in part by US\$1,455.6 million in repayment of borrowings and US\$437.6 million in interest paid including premium paid on derivative contracts payment.

In FY 2019, our net cash from financing activities of US\$449.5 million was primarily attributable to US\$448.1 million of proceeds from the issue of shares to our shareholders, US\$622.7 million of proceeds from borrowings, offset in part by US\$321.6 million in repayment of borrowings and US\$321.8 million in interest paid including premium paid on derivative contracts payment.

Results of Operations — Greenko Solar (Mauritius) Limited Condensed Combined Financial Statements

Fiscal year ended March 31, 2020 Compared to Fiscal year ended March 31, 2019

As of 31 March 2020, the Restricted Group III portfolio of assets consists of 22 operational projects with a combined installed capacity of 1,095.1 MW and the same is accounted for 25.9% of the total installed capacity of our operational projects, consisting of 8 operational solar energy projects with a total installed capacity of 283.0 MW (20.8% of the total installed capacity of our operational solar power projects) and 14 operational wind energy projects with a total installed capacity of 812.1 MW (35.3% of the total installed capacity of our operational wind energy projects).

Revenue

Revenue for the Restricted Group III increased by 122.8% to US\$177.1 million in FY 2020 from US\$79.5 million in FY 2019. The increase was primarily due to increase in the capacity and combining full year operations during the current year.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
	(US\$ in Millions)	
Revenue	177.1	79.5
Installed capacity at beginning of year (MW)	910.1	293.0
Installed capacity at end of year (MW)	1,095.1	910.1
Generation in (Gwh)	2,430.2	1,093.2
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
	(US\$ in Millions)	
Revenues from wind energy projects	142.8	77.8
Revenues from solar power projects	34.3	1.7

Revenue for the wind power projects of Restricted Group III in FY 2020 was increased by 83.6% to US\$142.8 million compared to US\$77.8 million in FY 2019. Revenue for the Solar energy projects of Restricted Group III increased to US\$34.3 million compared US\$1.7 million in the previous year. Generation in the Restricted Group III increased to 2,430.2 GWh in FY 2020 compared to 1,093.2 GWh in FY 2019.

Power generation expenses

Power generation expenses for the Restricted Group III in FY 2020 was US\$15.1 million compared to US\$5.4 million in FY 2019. Power generation expenses in FY 2020 was 8.5% of revenue compared to 6.8% of revenue in FY 2019.

Employee benefits expense

Employee benefits expense for the Restricted Group III in FY 2020 was US\$1.0 million compared US\$0.4 million in FY 2019. The largest component of employee benefits expense was salaries and wages.

Other operating expense

Other operating expenses for the Restricted Group III in FY 2020 was US\$4.6 million compared to US\$2.6 million in FY 2019. Other operating expenses include office administration, office rent, travelling expenses, professional charges, communication, internet, stationery, rates and taxes.

Impairment loss on trade receivables

Impairment loss on trade receivables for the Restricted Group III was US\$2.3 million in FY 2020 compared to US\$0.7 million in FY 2019.

Depreciation and amortization

Depreciation and amortization for the Restricted Group III in FY 2020 was US\$52.8 million compared to US\$27.5 million in FY 2019.

Finance income

Finance income for the Restricted Group III in FY 2020 was US\$2.9 million compared to US\$2.2 million in FY 2019, primarily due to interest earned on bank deposits.

Finance costs

Finance costs for the Restricted Group III in FY 2020 was US\$91.5 million compared to US\$47.8 million in FY 2019, which was primarily attributable to interest on borrowings which increased to US\$1,033.8 million as of 31 March 2020 compared to US\$665.7 million as of 31 March 2019 and loan restructuring costs of US\$18.5 million in FY 2020 representing the cost of prepayment and unamortized transaction costs attributable to the refinancing rupee loans of Restricted Group III entities.

Profit/ (Loss) before income tax

Profit before income tax for the Restricted Group III for the FY 2020 was US\$12.9 million compared to loss of US\$2.7 million for the FY 2019.

Income tax expense

Income tax expense for the Restricted Group III in FY 2020 was US\$8.9 million compared to US\$8.1 million in FY 2019.

Profit/ (Loss) for the year

As a result of the foregoing, the Restricted Group III's profit for the FY 2020 was US\$4.0 million compared to loss of US\$10.8 million for the FY 2019.

Liquidity and Capital Resources

Overview

As of 31 March 2020, the Restricted Group III's bank deposits were US\$30.0 million and our cash and cash equivalents were US\$87.8 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, 2020	Fiscal year ended March 31, 2019
	(US\$ in Million)	
Net cash generated from operating activities	135.2	52.0
Net cash from investing activities	5.8	15.8
Net cash used in financing activities	(50.6)	(66.7)
Cash and cash equivalents at the beginning of the year	16.6	10.5
Cash and cash equivalents at the end of the year	87.8	16.6

Net cash generated from operating activities

In FY 2020, the Restricted Group III's net cash from operating activities was US\$135.2 million. This net cash inflow was primarily attributable to (i) profit before tax of US\$12.9 million and positive non-cash adjustment for finance cost of US\$91.5 million, US\$2.3 million for impairment loss on trade receivables and depreciation and amortization of US\$52.8 million, (ii) changes in working capital of US\$19.1 million and (iii) a decrease in taxes paid of US\$2.2 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$27.4 million and an increase in trade and other payables of US\$8.6 million.

In FY 2019, the Restricted Group III's net cash from operating activities was US\$52.0 million. This net cash inflow was primarily attributable to (i) loss before tax of US\$2.7 million and positive non-cash adjustment for finance cost of US\$47.8 million, US\$0.7 million for impairment loss on trade receivables and depreciation and amortization of US\$27.5 million, (ii) changes in working capital of US\$16.6 million and (iii) a decrease in taxes paid of US\$2.5 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$9.8 million and an decrease in trade and other payables of US\$6.9 million.

Net cash from investing activities

In FY 2020, the Restricted Group III's net cash from investing activities of US\$5.8 million primarily US\$9.2 million from maturity of bank deposits and US\$2.8 million of interest received. The same is partially offset by US\$6.2 million in purchase of property, plant and equipment and capital expenditure.

In FY 2019, the Restricted Group III's net cash from investing activities of US\$15.8 million primarily US\$20.6 million from sale of mutual funds, and US\$2.2 million of interest received. The same is partially offset by US\$8.4 million in investment of bank deposits.

Net cash used in financing activities

In FY 2020, the Restricted Group III's net cash used in financing activities of US\$50.6 million was primarily attributable to (i) US\$750.4 million in repayment of borrowings (ii) repayment of borrowings to unrestricted subsidiaries of US\$242.7 million and (iii) US\$77.6 million in interest payment. The same is partially offset by proceeds from borrowings of US\$1,020.1 million

In FY 2019, the Restricted Group III's net cash used in financing activities of US\$66.7 million was primarily attributable to (i) US\$32.4 million in repayment of borrowings and (iii) US\$47.8 million in interest payment. The same is partially offset by proceeds from borrowings of US\$5.9 million and proceeds of borrowings from unrestricted subsidiaries of US\$7.5 million.