RG Group Combined Financial Statements

For six months ended 30th September 2019

Restricted Group Ind AS Unaudited Interim Condensed Combined Financial Statements as of September 30, 2019

Ernst & Young Associates LLP
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122002
Haryana, India

Tel: +91 124 443 4000
ey.com

Building a better working world

Review Report to The Board of Directors

Azure Power Energy Limited ("APEL")

1. We have reviewed the accompanying unaudited Interim Condensed Combined Financial Statement of Restricted Group which consists of certain subsidiaries of Azure Power Global Limited (the "Parent"), as listed in note 1 to the unaudited Interim Condensed Combined Financial Statement (collectively known as "the Restricted Group"), which comprise the unaudited interim condensed combined balance sheet as at September 30, 2019 and unaudited interim condensed combined statement of Profit and Loss including other comprehensive income, unaudited interim condensed combined statement of changes in equity and unaudited interim condensed combined Cash Flows for the six months period then ended and selected explanatory notes.

2. This financial statement, which is the responsibility of the Management and approved by the Board of Directors, has been prepared in accordance with the basis of preparation as set out in note 3 of the Interim Condensed Combined Financial Statement. Our responsibility is to express a conclusion on this unaudited Interim Condensed Combined Financial Statement based on our review.

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

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited Interim Condensed Combined Financial Statement have not been prepared in all material respects in accordance with the basis for preparation as set out in the Note 3 to the unaudited Interim Condensed Combined Financial Statement.

5. We draw attention to Note 2 and 3 to the unaudited Interim Condensed Combined Financial Statement, which describes that the Restricted Group has not formed a separate legal group of entities, which also describes the basis of preparation, including the approach to and purpose of preparing them. Consequently, the Restricted Group's unaudited Interim Condensed Combined Financial Statement may not necessarily be indicative of the financial performance and financial position of the Restricted Group that would have occurred if it had operated as a single standalone group of entities during the periods presented. The unaudited Interim Condensed Combined Financial Statement have been prepared for the purpose of complying with financial reporting requirement under the indenture governing the Senior Notes. As a result, the unaudited Interim Condensed Combined Financial Statement may not be suitable for another purpose. Our conclusion is not modified in respect of this matter

6. The comparative financial information of the Restricted Group for the period ended September 30, 2018, included in these unaudited Interim Condensed Combined Financial Statement, were reviewed by the predecessor auditor and the financial statements of the Restricted Group for the year ended March 31, 2019, were audited by predecessor auditor who expressed an unmodified conclusion on those financial information on November 16, 2018 and unmodified opinion on those financial statements on June 19, 2019 respectively.

Ernst & Young Associates LLP

Ernst & Young Associates LLP * Gurugram *

Ernst and Young Associates LLP

Place: Gurugram, India
Date: November 29, 2019

Restricted Group

Unaudited Interim Condensed Combined Balance Sheet

(INR amount in millions, unless otherwise stated)

	As at September 30, 2019 (Unaudited)	As at March 31, 2019 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	34,655	35,706
Right to use asset*	809	-
Capital work-in-progress	-	39
Financial assets		
Loans	2,166	2,164
Other financial assets	4,012	2,697
Deferred tax assets (net)	273	328
Income tax assets (net)	119	131
Other non-current assets	369	600
Total non-current assets	**42,403**	**41,665**
Current assets		
Financial assets		
Investment	238	-
Trade receivables	2,917	2,323
Cash and cash equivalents	450	498
Other bank balances	582	701
Loans	3,791	2,624
Other current financial assets	772	495
Other current assets	93	139
Total current assets	**8,843**	**6,780**
Total assets	**51,246**	**48,445**
Equity and liabilities		
Equity		
Capital	115	115
Other Equity	8,962	8,550
Total equity	**9,077**	**8,665**
Non-current liabilities		
Financial liabilities		
Lease Liabilities	800	-
Borrowings	35,209	34,395
Provisions	183	176
Deferred tax liabilities (net)	946	805
Other non-current liabilities	1,636	1,630
Total non-current liabilities	**38,774**	**37,006**
Current liabilities		
Financial liabilities		
Borrowings	1,780	1,269
Trade payables	167	168
Other current financial liabilities	1,267	1,222
Provisions	36	6
Other current liabilities	145	109

Restricted Group
Unaudited Interim Condensed Combined Balance Sheet
(INR amount in millions, unless otherwise stated)

	As at September 30, 2019 (Unaudited)	As at March 31, 2019 (Audited)
Total current liabilities	**3,395**	**2,774**
Total liabilities	**42,169**	**39,780**
Total equity and liabilities	**51,246**	**48,445**

*Refer Note 5.

The accompanying notes are an integral part of the unaudited interim condensed combined financial statements.

Restricted Group
Unaudited Interim Condensed Combined Statement of Profit and Loss
(INR amount in millions, unless otherwise stated)

	Six months period ended September 30, 2019 (Unaudited)	Six months period ended September 30, 2018 (Unaudited)
Income		
Revenue from operations	3,163	3,089
Non-Operating Income	1	2
Total income	**3,164**	**3,091**
Expenses		
Employee benefits expense	2	2
Other expenses	337	305
Total expenses	**339**	**307**
Earnings before interest, depreciation and amortization (EBITDA)(I)-(II) (A)	**2,825**	**2,784**
Depreciation and amortization expense- (B)	1,185	1,135
Interest income-(C)	348	201
Finance cost- (D)	1,759	1,591
Profit before tax (A-B+C-D)	**229**	**259**
Tax expense:		
Current tax expense	198	117
Deferred tax expense	21	64
MAT credit entitlement - tax expense	(50)	-
Total tax expense	**169**	**181**
Net profit/(loss) after tax	**60**	**78**
Other Comprehensive Income		
Items that will be reclassified to profit or loss		
Effective Portion of Cash flow hedges	1,379	3,316
Income tax effect	(208)	(497)
	1,171	2,819
Foreign currency translation reserve	(819)	(3,787)
Total other comprehensive income/(loss)	**352**	**(968)**
Total comprehensive profit/(loss) after tax	**412**	**(890)**

The accompanying notes are an integral part of the unaudited interim condensed combined financial statements.

(INR amount in millions, unless otherwise stated)

Other equity*

For the period ended September 30, 2019:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures (CCD)	Items of Other Comprehensive Income/(Loss)		Total other equity
	Deficit in the combined statement of profit and loss	Securities premium account		Foreign currency translation reserve	Cash flow hedges#	
At April 01, 2019	**(2,356)**	**11,374**	**5**	**(2,633)**	**2,160**	**8,550**
Profit for the period	60	-	-	-	-	60
Other comprehensive income/(loss)	-	-	-	(819)	1,171	352
At September 30, 2019	**(2,296)**	**11,374**	**5**	**(3,452)**	**3,331**	**8,962**

For the year ended March 31, 2019:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures (CCD)	Items of Other Comprehensive Income/(Loss)		Total other equity
	Deficit in the combined statement of profit and loss	Securities premium account		Foreign currency translation reserve	Cash flow hedges#	
At April 01, 2018	**(2,902)**	**10,719**	**5**	**(547)**	**210**	**7,485**
Adoption of Ind AS 115	218					**218**
At April 1, 2018 (restated)	**(2,684)**	**10,719**	**5**	**(547)**	**210**	**7,703**
Profit for the year	328	-	-	-	-	**328**
Securities premium on account of issue of equity shares	-	655	-	-	-	**655**
Other comprehensive income/(loss)	-	-	-	(2,086)	1,950	**(136)**
At March 31, 2019	**(2,356)**	**11,374**	**5**	**(2,633)**	**2,160**	**8,550**

For the period ended September 30, 2018:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures (CCD)	Items of Other Comprehensive Income/(Loss)		Total other equity
	Deficit in the combined statement of profit and loss	Securities premium account		Foreign currency translation reserve	Cash flow hedges#	
At April 01, 2018	**(2,902)**	**10,719**	**5**	**(547)**	**210**	**7,485**
Adoption of Ind AS 115	218					**218**
At April 1, 2018 (restated)	**(2,684)**	**10,719**	**5**	**(547)**	**210**	**7,703**
Profit for the period	78	-	-	-	-	**78**
Other comprehensive income/(loss)	-	-	-	(3,787)	2,819	**(968)**
At September 30, 2018	**(2,606)**	**10,719**	**5**	**(4,334)**	**3,029**	**6,813**

*Other equity represents the aggregate amount of capital and other equity of Restricted Group entities as of the respective period and does not necessarily represent legal capital and other equity for the purpose of the Group.

Refer note 6 & 7

Restricted Group

Unaudited Interim Condensed Combined Statement of Cash Flows

(INR amount in millions, unless otherwise stated)

			For the period ended September 30, 2019 (Unaudited)	For the period ended September 30, 2018 (Unaudited)
A	**Cash flows from/(used in) operating activities**			
	Profit before tax		**229**	**259**
	Adjustment to reconcile loss before tax to net cash flows			
	Depreciation/amortization		1,185	1,135
	Exchange difference (net)		6	5
	Loss on sale of fixed assets (net)		-	3
	Interest income		(348)	(195)
	Provision for doubtful debts/advances		33	-
	Net gain on sale of current investments		-	(5)
	Viability gap funding income		6	-
	Finance cost		1,759	1,591
	Operating profit before working capital changes		**2,870**	**2,793**
	Movements in working capital:			
	Decrease/(increase) in other financial assets		(2)	116
	Decrease/(increase) in trade receivables		(619)	50
	Decrease/(increase) in other current assets		5	(166)
	Increase/(decrease) in trade payables		(7)	2
	Decrease/(increase) in other non-current assets		(39)	(36)
	Increase/(decrease) in other non-current liabilities		-	90
	Increase/(decrease) in other financial and current liabilities		42	24
	Cash generated from operations		**2,250**	**2,873**
	Direct taxes paid (net of refunds)		(156)	(160)
	Net cash flow from operating activities	**(A)**	**2,094**	**2,713**
B	**Cash flows from/(used in) investing activities**			
	Purchase of tangible/intangible fixed assets (including capital work in progress and capital advance)		(23)	(781)
	Security deposit		(2)	(2)
	Interest received		61	97
	Purchase of mutual fund		(479)	-
	Proceeds from sale of mutual funds		241	140
	Loan given to holding/fellow subsidiary companies		(1,654)	(2,653)
	Proceeds from repayment of loan by holding/fellow subsidiary companies		713	-
	Investment in bank deposits (having the original maturity of more than three months)		171	183
	Net cash flow used in investing activities	**(B)**	**(972)**	**(3,016)**
C	**Cash flows from/(used in) financing activities**			
	Proceeds from issue of shares (including securities premium)		-	66
	Proceeds from borrowings		2,705	1,950
	Repayments of short-term borrowings		(1,968)	-
	Repayments of short-term borrowings from holding/fellow subsidiary companies		(226)	(350)
	Payment for hedging arrangements		(537)	(821)
	Payment of lease rent (Refer Note 5)		(28)	-
	Finance cost		(1,120)	(1,391)

		For the period ended September 30, 2019 (Unaudited)	For the period ended September 30, 2018 (Unaudited)
Net cash flow from /(used in) financing activities	**(C)**	**(1,174)**	**(546)**
Foreign currency translation on cash & cash equivalents	**(D)**	**4**	**11**
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		**(48)**	**(838)**
Cash and cash equivalents at the beginning of the period		**498**	**1,880**
Cash and cash equivalents at the end of the period		**450**	**1,042**

Components of cash and cash equivalents		
Balances with schedule banks:		
- On current accounts	94	337
- Deposits with original maturity of less than 3 months	356	705
Total cash and cash equivalents	**450**	**1,042**

Notes:

1 The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) on "Statement of Cash Flows" referred to Section 133 of Companies Act 2013.

2 The accompanying notes are an integral part of the unaudited interim condensed combined financial statements.

(INR amount in millions, unless otherwise stated)

1. General Information

Azure Power Energy Limited ("APEL" or "the Company") was incorporated on June 15, 2017 as a public company limited by shares incorporated under laws of Mauritius and a wholly-owned subsidiary of Azure Power Global Limited (the "Parent") and has its registered office at C/o. AAA Global Services Ltd., 1st Floor, The Exchange 18 Cybercity, Ebene, Mauritius. The Company and certain subsidiaries of Azure Power India Private Limited (APIPL), collectively "The Restricted Group Entities" and "Restricted Entity" individually (as listed below) carry out business activities relating to generation of electricity through non-conventional renewable energy sources engaged in the ownership, maintenance and management of solar power plants and generation of solar energy based on long-term contracts (power purchase agreements or "PPA") with Indian government entities as well as other non-governmental energy distribution companies and commercial customers. APEL is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India on July 7, 2017.

During the financial year 2017-18, the Company issued US$ Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). APEL invested the proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") and External commercial borrowings ("ECBs") to replace their existing Rupee and external debt. Restricted entities are directly or indirectly under common control of the parent. APEL and restricted entities have been considered as "Restricted Group" for the purpose of financial reporting.

The Restricted Group entities which are all under the common control of the Parent company comprises of the following entities:-

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2019	March 31, 2019	September 30, 2018
Azure Power Energy Limited	Bond Issuance	Mauritius	100%	100%	100%
Azure Power (Punjab) Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power (Haryana) Private Limited	Generation of Solar power	India	99.17%	99.17%	99.17%
Azure Urja Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Surya Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power (Karnataka) Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Photovoltaic Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Infrastructure Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power (Raj.) Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Green Tech Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Renewable Energy Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%

(INR amount in millions, unless otherwise stated)

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2019	March 31, 2019	September 30, 2018
Azure Clean Energy Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Sunrise Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Sunshine Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Eris Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Mars Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Pluto Private Limited	Generation of Solar power	India	99.99%	99.99%	51.63%
Azure Power Thirty Seven Private Limited	Generation of Solar power	India	99.84%	99.84%	99.31%

2. Purpose of the Ind AS Unaudited Interim condensed combined financial statements

These are special purpose Ind AS unaudited interim condensed combined financial statements, which have been prepared for the purpose of complying with financial reporting requirements under the indenture governing the US$ Senior Notes. These Ind AS unaudited interim condensed combined financial statements presented herein reflect the Restricted Group's results of operations, assets and liabilities and cash flows for the period presented. The basis of preparation and significant accounting policies used in preparation of these special purpose Ind AS unaudited interim condensed combined financial statements are set out in note 3 and 4 below.

3. Basis of preparation

The indenture governing the US$ Senior Notes requires Restricted Group to prepare Ind AS unaudited interim condensed combined financial statements of the Restricted Group for the purpose of submission to the bond holders. The Ind AS unaudited interim condensed combined financial statements of the Restricted Group have been prepared in accordance with recognition and measurement principles laid down by the Indian Accounting Standards (Ind AS) (except Ind AS - 33 on Earnings Per Share) prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment Rules), 2016 issued thereunder and other accounting principles generally accepted in India and the guidance note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accountants of India. Further for computation of depreciation the company based upon legal opinion has charged depreciation as per CERC regulations.

The Ind AS unaudited interim condensed combined financial statements have been prepared in accordance with Ind AS 34, Interim Financial Reporting. The Ind AS unaudited interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements.

The items in the Ind AS unaudited interim condensed combined financial statements have been classified considering the principles under Ind AS 1, Presentation of Financial Statements.

As per the Guidance Note on Combined and Carve Out Financial Statements, the procedure for preparing combined financial statements of the combining entities is the same as that for consolidated financial statements as per the applicable Accounting Standards. Accordingly, when combined financial statements are prepared, intra-group transactions and profits or losses are eliminated. All the inter group transactions are undertaken on Arms Lengths basis. There is no allocation of expenses within the Restricted Group. The information presented in the Ind AS unaudited interim condensed combined financial statements of the Restricted group may not be representative of the position which may prevail after the transaction. The resulting financial position may not be that which might have existed if the combining businesses had been a stand-alone business.

The non-controlling interest held by outsiders amounts to INR 7 million and INR 9 million as of September 2019 and March 2019 respectively. Share capital and reserves disclosed in the Ind AS unaudited interim condensed combined financial statements is not the legal capital and reserves of the Restricted Group and is the aggregation of the share capital and reserves of the individual combining entities. Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

Accordingly, the procedures followed for the preparation of the Ind AS unaudited interim condensed combined financial statements:

(a) Combined like items of assets, liabilities, equity, income, expenses and cash flows of the combining entities.

(b) Eliminated in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Restricted Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, are eliminated in full).

These Ind AS unaudited interim condensed combined financial statements may not necessarily be indicative of the financial performance, financial position and cash flows of the Restricted Group that would have occurred if it had operated as a separate stand-alone Group of entities during the period presented or the Restricted Group's future performance.

The Ind AS unaudited interim condensed combined financial statements include the operation of entities in the Restricted Group, as if they had been managed together for the period presented.

4. Summary of significant accounting policies

The Ind AS unaudited interim condensed combined financial statements have been prepared in accordance with the accounting policies adopted in the Restricted Group's last audited annual financial statements for the period ended March 31, 2019. The presentation of the Ind AS unaudited interim condensed combined financial statements is consistent with the audited Combined Financial Statements for the period ended March 31, 2019 except that the restricted group has adopted the new accounting standard Ind AS 116 with effect from April 01, 2019, refer Note 5 below.

5. Adoption of Ind AS 116, Leases

Effective April 01, 2019, the entities in Restricted group have adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on the date of initial application i.e. April 01, 2019. The entities in Restricted group have applied the modified retrospective approach for transition to Ind AS 116 with Right of Use asset (ROU) recognised at an amount equal to the Lease Liability adjusted for any prepayments/accruals recognised in the balance sheet immediately before the date of initial application. Accordingly, comparative financial information as of March 31, 2019 and six months period ended September 30, 2018 have not been retrospectively adjusted.

The entities in Restricted group elected the transition practical expedients which allowed them (1) not to reassess whether existing contracts contain leases, (2) not to reassess initial direct costs associated with existing leases. The entites in Restricted Group have elected the short-term lease exception as per the new accounting standard.

The majority of the Restricted Group's leases relates to leasehold land on which the solar power plants are constructed, with a lease term ranging between 25 to 35 years which is further extendable on mutual agreement by both lessor and lessee. The weighted average incremental borrowing rate for Restricted group is 10% per annum. The restricted group has applied the portfolio approach to determine the incremental borrowing rate as per the new accounting standard.

The adoption of new accounting standard resulted in recognition of ROU of INR 831 million through recognition of Lease Liability of INR 789 million and reclassification of prepayments of INR 42 million on April 01, 2019. The Restricted group has recognised the finance cost of INR 38 million and depreciation of INR 22 million on such assets. Restricted group has paid lease rent of INR 28 million during current period.

6. During August 2017, the APEL has issued 5.5% US$ denominated Senior Notes ("5.5% Senior Notes" or "Green Bonds") and raised INR 31,260 million net off of discount on issue of INR 9 million at 0.03% and issuance expense of INR 586 million. The discount on issuance of Green Bonds and the issuance expenses have been recorded as Finance cost based on effective interest rate method and the unamortized balance is netted with the carrying value of Senior Notes. These Notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue, APEL invested the proceeds in INR denominated Non-Convertible Debentures (NCDs) and External Commercial Borrowings (ECBs) within the Restricted Group. The interest on the Senior Notes are payable on a semi-annual basis and the principal amount is payable in November 2022.

7.The Company designates the derivative contracts for mitigating the foreign exchange fluctuation risk as a cash flow hedge. The changes in fair value of the derivatives are included in other comprehensive income to the extent the hedge continues to be effective. The related other comprehensive income amounts are allocated to the Combined Statements of Profit and Loss in the same period in which the hedged item affects net earnings. To the extent the change in fair value of the derivative financial instruments is not completely offset by the change in the fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in the Combined Statements of Profit and Loss.

8. Segment Reporting

The activities of Restricted Group entities mainly involve sale of electricity. Considering the nature of Restricted Group entities' business and operations, there are no separate reportable operating segments in accordance with the requirements of Indian Accounting Standard 108, 'Operating Segments' referred in to Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and hence, there are no additional disclosures provided.

9. Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective April 01, 2019, domestic companies have an option to pay lower income tax subject to certain conditions.

As of September 30, 2019, the entities within the Restricted Group are evaluating their position with respect to the aforesaid option, since most of the entities are availing benefit of tax holiday under Section 80IA of the Income Tax Act, 1961 and have unabsorbed tax depreciation and unutilised MAT credit.

10. During the period six months period ended September 30, 2019, some of the entities in the restricted group have given loan (net of repayments) to Azure Power India Private Limited and Fellow subsidiaries amounting to INR 570 Million and INR 597 Million respectively which are repayable on demand and carries interest rate of 10.6% p.a.

11. Previous period figures have been regrouped/ rearranged wherever considered material and necessary to conform to the current period presentation

Six Months Period Ended September 30, 2019 Unaudited Interim Condensed Combined Financial Results:

Operating Revenue

Sale of power

Operating revenue for the six months period ended September 30, 2019 was INR 3,163 million, an increase of 2.4% from INR 3,089 million over the same period in 2018. The increase in revenue was driven by the better insolation.

Other Income

Other income for the Restricted Group for the six months period ended September 30, 2019 was INR 1 million, an decrease of 50% from INR 2 million over the same period in 2018.

Operating expenses (exclusive of depreciation and amortization)

Operating expense for the six months period ended September 30, 2019 increased by 11% to INR 337 million from INR 305 million in the same period in 2018. The increase was primarily due to provision for doubtful receivables created during the period and escalations relating to plant maintenance cost.

Depreciation and Amortization Expenses

Depreciation and amortization expenses during the six months period ended September 30, 2019 increased by 4%, to INR 1,185 million from INR 1,135 million compared to the same period in 2018. The principal reason for the increase was due to increase in the property, plant and equipment and accounting impact of adoption of IND AS 116.

Finance Income

Finance income mainly consist of interest income. Finance income during the six months period ended September 30, 2019 increased by INR 147 million, or 73%, to INR 348 million compared to the same period in 2018 as a result of an increase in interest income on term deposits and inter corporate deposits during the period.

Finance cost

Net interest expense during the six months period ended September 30, 2019 increased by 10%, to INR 1,759 million from INR 1,591 million compared to the same period in 2018. The primary reason for increase in interest expense is due to foreign exchange fluctuation on Green Bonds, short term loans raised during the period and interest component of lease accounting under IND AS 116.

Tax Expenses

Income tax expense for the Restricted Group during the six months period ended September 30, 2019 increase by INR 31 million to INR 148 million, compared to the period ended September 30, 2018. The increase in income tax expense was largely attributable to increase in taxable income and deferred tax expenses.

Liquidity and Capital Resources

Cash Flow from operating activities

Cash generated from operating activities for the six months period ended September 30, 2019 was INR 2,094 million, compared to INR 2,713 million in the same period in 2018, primarily due to an increase in trade receivables of projects during the six months period ended September 30, 2019.

Cash Flow used in investing activities

Cash used in investing activities for the six month period ended September 30, 2019 was INR 972 million, compared to INR 3,016 million in the same period in 2018, primarily due to reduction in purchase/ payments related to purchases of property, plant and equipment for new projects and investment in inter-corporate deposits.

Cash Flow from financing activities

Cash generated used in financing activities was INR 1,174 million for the six months period ended September 30, 2019, compared to cash from financing activities INR 546 million for the prior comparable period. This primarily includes increase in the interest payments on loans and Inter- corporate deposits.

Liquidity Position

As of September 30, 2019, Restricted Group had INR 1,270 million of cash, cash equivalents and current investments and other bank balances.

Combined Earnings before interest, tax, depreciation and amortization (EBITDA)

Combined EBITDA of Restricted Group was INR 2,825 million for the six months period ended September 30, 2019, compared to INR 2,784 million for the same period in 2018. This was primarily due to the increase in revenue (net) during the period.

Subsequent event

The Company evaluated all other events or transactions that occurred after September 30, 2019. Based on this evaluation, the Company is not aware of any event or transactions that would require recognition or disclosure in the Ind AS Unaudited Interim condensed combined financial statements.