

Greenko Investment Company (Restricted Group II)
Issuer of US\$500 Million 4.875% Senior Notes due 2023

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B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit - 3
Sy No. 83/1, Plot No. 2, Raidurg
Hyderabad - 500 081, India.

Telephone +91 40 7182 2000
Fax +91 40 7182 2399

Independent Auditors' Report

To the Board of Directors of Greenko Investment Company

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Greenko Investment Company (Restricted Group II), which consists of the Greenko Investment Company ("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 II"), which comprise the combined statement of financial position as at 31 March 2021, 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 related notes, comprising significant accounting policies and other explanatory information, as set out on pages 5 to 39.

In our opinion, the accompanying combined financial statements present fairly, in all material aspects, the combined financial position of the Restricted Group II as at 31 March 2021, and of its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board.

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 II 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 II has not formed a separate legal group of entities during the year ended 31 March 2021, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group II's combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group II 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 II 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 and 3.1 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 Investment Company (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 2021, the Restricted Group II recognised intangible assets and goodwill of USD 108.05 million and property, plant and equipment of USD 545.24 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 because the assessment process is complex and judgmental by nature and value-in-use determination is based on assumptions such as projected future cash flows, discount rate and sensitivity analysis. The Restricted Group II'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.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Evaluated the methodology used by the Management to identify indication of impairment in non-current assets. • Assessed the procedures used by the Management in order to prepare reliable business plans through comparing the actual performance in relation to previous projections. • Assessed the appropriateness of Group's methodology applied in determining the CGUs to which goodwill is allocated. • Evaluated 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 Investment Company (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 IFRS, as issued by International Accounting Standards Board 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 II'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 II or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Restricted Group II'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 II'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 II'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 II 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 & Associates LLP

Independent Auditors' Report to the Board of Directors of Greenko Investment Company (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, action taken to eliminate threats or safeguards applied.

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 & Associates LLP

Chartered Accountants

Firm Registration Number: 116231 W/W-100024



Sriram Mahalingam

Partner

Membership number: 049642

ICAI UDIN No.: 21049642AAAACT2196

Place: Hyderabad

Date: 29 July 2021

Greenko Investment Company (Restricted Group II)
(All amounts in US Dollar millions unless otherwise stated)
Combined statement of financial position

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	8	545.24	555.60
Intangible assets and goodwill	9	108.05	109.25
Bank deposits	15	3.75	3.60
Other receivables	12	0.16	0.15
Derivative financial assets	10	86.09	97.53
		743.29	766.13
Current assets			
Inventories	13	1.42	0.65
Trade receivables	11	33.22	25.48
Other receivables	12	1.95	2.07
Bank deposits	15	13.78	16.53
Taxation receivable		0.68	1.32
Cash and cash equivalents	14	15.92	16.09
		66.97	62.14
Total assets		810.26	828.27
Equity and liabilities			
Equity			
Net parent investment		133.25	133.58
Non-controlling interests		(4.63)	(3.07)
Total equity		128.62	130.51
Liabilities			
Non-current liabilities			
Retirement benefit obligations	20	0.50	0.29
Borrowings	17	562.00	562.95
Deferred tax liabilities	18	36.14	31.31
Other financial liabilities	10	18.02	29.53
Lease liabilities		1.53	-
		618.19	624.08
Current liabilities			
Trade and other payables	16	13.62	16.08
Taxation payable		0.11	0.01
Other financial liabilities	10	13.67	13.67
Borrowings	17	5.03	14.29
Borrowings from unrestricted group	26	30.80	29.63
Lease liabilities		0.22	-
		63.45	73.68
Total liabilities		681.64	697.76
Total equity and liabilities		810.26	828.27

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

Greenko Investment Company (Restricted Group II)

(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 2021	For the year ended 31 March 2020
Revenue	19	80.82	97.50
Other operating income		0.33	0.02
Power generation expenses		(7.38)	(9.68)
Employee benefits expense	21	(3.41)	(2.76)
Other operating expenses		(3.14)	(6.25)
Impairment loss on trade receivables	11	(0.48)	(0.21)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		66.74	78.62
Depreciation and amortisation	8&9	(27.35)	(28.77)
Operating profit		39.39	49.85
Finance income	22	1.27	21.61
Finance cost	22	(49.87)	(41.11)
(Loss)/ Profit before tax		(9.21)	30.35
Income tax expense	23	(7.24)	(6.80)
(Loss)/ Profit for the year		(16.45)	23.55
Attributable to:			
Equity holders of the Restricted Group II		(14.89)	23.98
Non-controlling interests		(1.56)	(0.43)
		(16.45)	23.55
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		14.56	(50.65)
Total other comprehensive income		14.56	(50.65)
Total comprehensive income/(loss)		(1.89)	(27.10)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Restricted Group II		(0.34)	(26.67)
Non-controlling interests		(1.55)	(0.43)
		(1.89)	(27.10)

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

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Combined statement of changes in net parent investment**

	As at 31 March 2021	As at 31 March 2020
Opening	133.58	165.65
(Loss)/Profit for the year	(14.89)	23.98
Foreign currency translation adjustments	14.56	(50.65)
Transactions with unrestricted group (Refer note 27)	-	(5.40)
Closing	133.25	133.58

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

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Combined statement of cash flows

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flows from operating activities			
(Loss)/Profit before tax		(9.21)	30.35
Adjustments for			
Depreciation and amortisation	8&9	27.35	28.77
Finance income		(1.27)	(21.61)
Finance cost		49.87	41.11
Impairment loss on trade receivables		0.48	0.21
Changes in working capital			
Inventories		(0.73)	(0.02)
Trade and other receivables		(7.34)	(5.03)
Trade and other payables		1.00	(0.17)
Cash generated from operations		60.15	73.61
Taxes paid		(0.24)	(3.25)
Net cash from operating activities		59.91	70.36
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure		-	(2.90)
Acquisition of business, net of cash and cash equivalents acquired (Refer note 27)		-	(53.36)
Bank deposits		3.09	(16.68)
Interest received		0.91	1.33
Net cash (used in)/ from investing activities		4.00	(71.61)
C. Cash flows from financing activities			
Proceeds from borrowings to the Unrestricted Group		0.41	4.31
Proceeds from borrowings	17.7	-	5.76
Repayment of borrowings	17.7	(14.53)	(6.82)
Payment of lease liabilities	24	(0.22)	-
Premium paid on derivative contracts		(13.67)	(13.94)
Interest paid		(36.51)	(35.98)
Net cash used in financing activities		(64.52)	(46.67)
Net decrease in cash and cash equivalents		(0.61)	(47.92)
Cash and cash equivalents at the beginning of the year	14	16.09	65.85
Exchange losses on cash and cash equivalents		0.44	(1.84)
Cash and cash equivalents at the end of the Year	14	15.92	16.09

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

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

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

1. General information

Greenko Investment Company (“Greenko Investment” or “the Company”) was incorporated on 04 July 2016 as a public company with limited liability by shares and has its registered office at C/o. IQEQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius. Greenko Investment is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India on 21 July 2016.

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 is listed on Singapore Exchange Securities Trading Limited (SGX-ST). Greenko Investment 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 Investment 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 hydro and wind portfolio. Further, Non-convertible debentures issued to Greenko Investment Company by Indian subsidiaries are secured by pledge of assets of those subsidiaries through an Indian trustee. Greenko Investment 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 Investment Company (Restricted Group II)” or “the Restricted Group II”.

The combined financial statements presented herein reflect the Restricted Group II’s 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 II. The basis of preparation and significant accounting policies used in preparation of these combined financial statements are set out in note 3 below.

The financial periods of the Restricted Group II 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

The Restricted Group II has initially adopted Definition of a Business (Amendments to IFRS 3) from 1 April 2020. A number of other new standards and amendments are also effective from 1 April 2020, but they do not have a material effect on the Restricted Group II’s combined financial statements.

The Restricted Group II applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policy are set out in Note 3.1(b).

3.1 Basis of preparation of the combined financial statements

a) Basis of preparation

The indenture governing the Senior Notes requires Greenko Investment to prepare combined financial statements of Greenko Investment 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 2021 and 31 March 2020, respectively have been prepared on a basis that combines statements of profit or loss, statements of comprehensive income, financial position, statement of changes in net parent investment and cash flows of the legal entities comprising the restricted entities and Greenko Investment.

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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

	31 March 2021	31 March 2020
Anantapura Wind Energies Private Limited	100%	100%
Devarahippargi Wind Power Private Limited	100%	100%
Greenko Bagewadi Wind Energies Private Limited	74%	74%
Perla Hydro Power Private Limited	74%	74%
Rayalaseema Wind Energy Company Private Limited	100%	100%
Sneha Kinetic Power Projects Private Limited	100%	100%
Swasti Power Private Limited	100%	100%
Tanot Wind Power Ventures Private Limited	100%	100%
Vayuputra Energy Private Limited	100%	100%
Saroja Renewables Limited	100%	100%
Vyshali Energy Private Limited	74%	74%

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

These combined financial statements are not necessarily indicative of the financial performance, financial position and cash flows of the Restricted Group II 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 II future performance. The combined financial statements include the operations of entities in the Restricted Group II, 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 II have been eliminated in full. Transactions between the Restricted Group II 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 II is ultimately held by the Parent. Earnings Per Share have not been presented in these combined financial statements, as Greenko Investment Company 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 (Note 7).

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

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

b) Business combinations by a restricted group 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 II and common control transactions.

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

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

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

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

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

c) Top Down Approach

The combined financial statements have been prepared on carve out basis from its parent's consolidated financial statements using the historical results of operations, assets and liabilities attributable to the restricted 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 II) entities. This is referred as top-down basis of preparation of carve-out financial statements. The fair value adjustments of assets and liabilities arising on account of business combinations in the Parent's consolidated financial statements are attributed to carve-out entities are allocated based on carrying value of these assets and liabilities.

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

3.2 Segment reporting

The Restricted Group II's operations predominantly relate to generation and sale of electricity. The chief operating decision maker of the Greenko Group evaluates the Restricted Group II'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.

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

3.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

c) Restricted Group II entities

The results and financial position of all the Restricted Group II 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 Restricted Group II 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:

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

Asset category	Useful life
Buildings	30 – 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.

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.

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.

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

b) Other intangibles

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

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

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

3.6 Impairment of non-financial assets

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

Greenko Investment Company (Restricted Group II)

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Notes to the combined financial statements

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 II becomes a party to the contractual provisions of the instrument.

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

b) Classification and subsequent measurement:

Financial assets:

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

i) Financial assets at amortised cost

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

ii) Financial assets at fair value through other comprehensive income

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

iii) Financial assets at fair value through profit or loss

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

Financial assets are not reclassified subsequent to their initial recognition unless the Restricted Group II 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 '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.

Greenko Investment Company (Restricted Group II)

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Notes to the combined financial statements

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

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

c) De-recognition of financial instruments

i) Financial asset

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

The Restricted Group II 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 II 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 Investment Company (Restricted Group II)

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Notes to the combined financial statements

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 II 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 II applies a simplified approach in calculating ECLs. Therefore, the Restricted Group II 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.

3.9 Equity instruments

3.9.1 Classification as debt or equity

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

3.9.2 Equity instruments

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

3.10 Derivative financial instruments

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

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

3.10.1 Embedded derivatives

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

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

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Notes to the combined financial statements

3.10.2 Compound instruments

The compound parts of compound instruments (convertible notes) issued by the Restricted Group II 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 II 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 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.

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.

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

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Notes to the combined financial statements

3.16 Income taxes

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

Current tax

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

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 II. 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 II 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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Notes to the combined financial statements

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

a) Gratuity plan

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

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

b) State administered Provident Fund

Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Restricted Group II 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 II 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 II 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 II 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 II 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 II 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 II considers the effects of variable consideration and consideration payable to the customer (if any). In some PPAs, the Restricted Group II provide rebates if payment is made before the due date. To estimate the variable consideration for the expected future rebate, the Restricted Group II 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 II 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 II'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 II has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Restricted Group II performs obligations under the contract.

3.20 Finance income and finance costs

The Restricted Group II'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 II's right to receive payment is established.

3.21 Leases

Accounting as lessee

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

The Restricted Group II 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 II 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 II uses incremental borrowing rate. For leases with reasonably similar characteristics, the Restricted Group II, 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

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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 II 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 II recognises any remaining amount of the re-measurement in of profit or loss.

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

3.22 Borrowing costs

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

3.23 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 II have been reflected as '0.00' in relevant notes.

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

The Restricted Group II has included a sub-total 'Earnings before interest, tax, depreciation and amortisation' (EBITDA) in the combined statement of profit or loss. The Directors of the Company believes that EBITDA is meaningful for investors because it provides an analysis of Restricted Group II's operating results, profitability and ability to service debt and because EBITDA is used by Restricted Group II'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 II 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 II's operating results as reported under IFRS. EBITDA is not a direct measure of the Restricted Group II'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 II's financial commitments.

5 Recent Accounting Pronouncements

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

Apart from below a number of other new standards, amendments and interpretations not yet effective for 31 March 2021 but they do not have a material effect on the combined financial statements.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Restricted Group II does not currently have any Onerous contracts.

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6 Financial risk management

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

6.1 Market risk

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

i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operations of the Restricted Group II 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 II's foreign exchange risk arises from debt investments made in Indian operations. Consequently, the Restricted Group II use derivative financial instruments such as foreign exchange options and forward contracts to mitigate the risk of changes in foreign currency exchange rates. Refer note 10 for derivative contracts.

The translation of INR amounts of restricted entities into USD for the combined financial statements of Restricted Group II 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 on the Restricted Group II's cash flow and does not expose the Restricted Group II 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 II has no significant variable interest-bearing assets other than investment in bank deposits, the Restricted Group II's income and operating cash flows are substantially independent of changes in market interest rates. The Restricted Group II considers the impact of fair value interest rate risk on investment in bank deposits are not material. A significant portion of the Restricted Group II's borrowings carry fixed rate of interest, however, as these debts are carried at amortised cost, there is no fair value interest rate risk to the Restricted Group II.

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 II 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 II's credit risk arises from trade receivable balances on sales to customers. In respect of trade receivables, the Restricted Group II is not exposed to any significant credit risk exposure to any single counterparty (non-government) or any group of counterparties having similar characteristics. Significant portion of the Restricted Group II'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 Group II also has lesser portion of trade receivables due from private parties. The Restricted Group II is paid monthly by the customers for electricity sales. The Restricted Group II assesses the credit quality of the purchaser based on its financial position and other information. The Restricted Group II 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).

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Other financial assets/ derivative assets

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

Credit risk on cash and cash equivalents, bank balances, bank deposits and derivative assets are limited as the Restricted Group II 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 II does not expect these banks and financial institutions to fail in meeting their obligations and hence the expected credit loss is not material.

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

6.3 Liquidity risk

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

In respect of its existing operations, the Restricted Group II funds its activities primarily through long-term loans secured against each power plant. The Restricted Group II'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 II's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The Restricted Group II 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 2021

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	567.03	5.03	5.35	516.77	46.75	573.90
- Interest	-	29.29	31.76	30.36	14.41	105.82
Trade and other payables	13.62	13.62	-	-	-	13.62
Other financial liabilities	31.69	13.67	13.67	6.84	-	34.18
Borrowings from unrestricted group	30.80	30.80	-	-	-	30.80
Lease liabilities	1.75	0.39	0.28	0.82	1.27	2.76
Total	644.89	92.80	51.06	554.79	62.43	761.08

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	577.24	5.01	4.91	517.08	50.07	577.07
- Interest	-	29.68	32.14	56.29	19.24	137.35
Trade and other payables	16.08	16.08	-	-	-	16.08
Other financial liabilities	43.20	13.67	13.67	20.51	-	47.85
Borrowings from unrestricted group	29.63	29.63	-	-	-	29.63
Total	666.15	94.07	50.72	593.88	69.31	807.98

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

The entities forming part of the Restricted Group II, 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 hydro 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 II's operating and finance costs due for payment in next 12 months. As per the terms of the inter-corporate loan agreements, the borrowings from unrestricted group can be called for by the unrestricted group at the first instance of debt sizing to the optimum level or cash surplus from operations and is repayable at that time.

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 II allocates the purchase price of the acquired companies, other than common control transactions, to the tangible, intangible and other assets acquired and liabilities assumed based on their estimated fair values. The Restricted Group II 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 II 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 II 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 II 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 II'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 Restricted Group II has considered its investments in non-convertible debentures of restricted entities as part of its net investment in foreign operations. The Restricted Group II 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 II, 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 II has adequate resources to continue its operational existence for a foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these combined financial statements.

Greenko Investment Company (Restricted Group II)

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

c) Contingencies

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

Because litigation and other contingencies are inherently unpredictable, the Restricted Group II'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.

d) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 3.6, the Restricted Group II 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 Restricted Group II. 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 II'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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(All amounts in US Dollar millions unless otherwise stated)

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 24)	Capital work-in-progress	Total
Cost								
At 1 April 2019	12.32	133.62	488.57	0.51	0.75	-	10.68	646.45
Additions	0.11	0.01	0.01	0.01	0.02	-	0.11	0.27
Acquisitions under common control (Note 27)	1.55	-	47.12	-	-	-	0.58	49.25
Reclassified on adoption of IFRS16	(6.42)	-	-	-	-	6.42	-	-
Disposals/capitalisation	-	-	(0.15)	-	(0.01)	-	(5.03)	(5.19)
Exchange differences	(0.60)	(11.02)	(43.86)	(0.04)	(0.06)	(0.53)	(0.63)	(56.74)
At 31 March 2020	6.96	122.61	491.69	0.48	0.70	5.89	5.71	634.04
Additions	0.20	0.50	0.01	0.02	0.06	1.86	0.20	2.85
Disposals/capitalisation	-	-	(0.00)	-	-	-	(3.91)	(3.91)
Exchange differences	0.18	3.16	12.74	0.01	0.02	0.17	0.11	16.39
At 31 March 2021	7.34	126.27	504.44	0.51	0.78	7.92	2.11	649.37
Accumulated depreciation								
At 1 April 2019	0.16	8.28	50.64	0.28	0.21	-	-	59.57
Acquisitions under common control (Note 27)	-	-	1.66	-	-	-	-	1.66
Charge for the year	-	3.84	19.55	0.06	0.07	0.17	-	23.69
Disposals	-	-	(0.02)	-	(0.01)	-	-	(0.03)
Reclassified on adoption of IFRS16	(0.16)	-	-	-	-	0.16	-	-
Exchange difference	0.00	(0.91)	(5.46)	(0.03)	(0.02)	(0.03)	-	(6.45)
At 31 March 2020	-	11.21	66.37	0.31	0.25	0.30	-	78.44
Charge for the year	-	3.67	19.16	0.05	0.07	0.44	-	23.39
Exchange differences	-	0.32	1.95	0.01	0.01	0.01	-	2.30
At 31 March 2021	-	15.20	87.48	0.37	0.33	0.75	-	104.13
Net book value								
At 31 March 2021	7.34	111.07	416.96	0.14	0.45	7.17	2.11	545.24
At 31 March 2020	6.96	111.40	425.32	0.17	0.45	5.59	5.71	555.60

Certain borrowings at project level are secured against the present and future moveable and immovable assets of the project. Refer note 17 for assets given as pledge against borrowings and Note 25 (b) provide details of capital commitments outstanding as at 31 March 2021.

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

9 Intangible assets and goodwill

	Licences	Electricity PPAs	Development fee	Goodwill	Total
Cost					
At 1 April 2019	30.16	16.49	-	88.46	135.11
Acquisitions under common control (Note 27)	0.87	6.11	0.09	0.50	7.57
Exchange differences	(2.56)	(1.74)	(0.01)	(7.34)	(11.65)
At 31 March 2020	28.47	20.86	0.08	81.62	131.03
Exchange differences	0.72	0.54	0.01	2.10	3.37
At 31 March 2021	29.19	21.40	0.09	83.72	134.40
Accumulated amortisation and impairment					
At 1 April 2019	2.68	10.97	-	4.62	18.27
Acquisitions under common control (Note 27)	0.03	0.23	0.00	-	0.26
Amortisation charge for the year	1.72	3.36	0.00	-	5.08
Exchange differences	(0.32)	(1.13)	(0.00)	(0.38)	(1.83)
At 31 March 2020	4.11	13.43	0.00	4.24	21.78
Amortisation charge for the year	1.65	2.30	0.01	-	3.96
Exchange differences	0.13	0.37	0.01	0.11	0.62
At 31 March 2021	5.89	16.10	0.02	4.35	26.36
Net book value					
At 31 March 2021	23.30	5.30	0.07	79.37	108.04
At 31 March 2020	24.36	7.43	0.08	77.38	109.25

Amortisation charges is included under 'Depreciation and amortisation' in combined statement of profit or loss and other comprehensive income. The average remaining amortisation period for licences is 19.70 years (31 March 2020: 21.75 years) and for electricity PPA is 5.50 years as at 31 March 2021 (31 March 2020: 6.24 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 II has long-term power purchase agreements with customers, these calculations use pre-tax cash flow projections prepared by management based on balance life of the project.

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

- Projected revenues** - The Restricted Group II has determined the revenues for the balance life of the project based on average plant load factor (PLF) and energy production study reports obtained by the Restricted Group II from third party technical consultants, the existing Power Purchase Agreements (PPA) with the transmission companies and other customers. The PPA is a long-term contract with agreed price per unit of power sold and the growth rates used are consistent with those contracts. In case of short-term PPAs and open access sale agreements, the growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.
- Other operating costs** - These costs are estimated using the historical performance and plant maintenance activity. The estimates of other operating costs used in value-in-use calculations are consistent with those used in the Restricted Group II's business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.
- Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 9.60% to 10.20%.

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****10 Financial assets and financial liabilities**

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

31 March 2021

	Amortised cost	FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	3.75	-	3.75
Other receivables (note 12)	0.16	-	0.16
Derivative financial assets	-	86.09	86.09
Current			
Bank deposits (note 15)	13.78	-	13.78
Trade receivables (note 11)	33.22	-	33.22
Other receivables (note 12) ^a	0.20	-	0.20
Cash and cash equivalents (note 14)	15.92	-	15.92
Total	67.03	86.09	153.12
	Liabilities at amortised cost		
Financial liabilities			
Non-current			
Borrowings (note 17)	562.00		
Other financial liabilities	18.02		
Lease liabilities	1.53		
Current			
Borrowings (note 17)	5.03		
Trade and other payables (note 16)	13.62		
Other financial liabilities	13.67		
Borrowings from unrestricted group	30.80		
Lease liabilities	0.22		
Total	644.89		

31 March 2020

	Amortised cost	FVTPL	Total
Financial assets			
Non-current			
Bank deposits (note 15)	3.60	-	3.60
Other receivables (note 12) ^a	0.15	-	0.15
Derivative financial assets	-	97.53	97.53
Current			
Bank deposits (note 15)	16.53	-	16.53
Trade receivables (note 11)	25.48	-	25.48
Other receivables (note 12)	0.06	-	0.06
Cash and cash equivalents (note 14)	16.09	-	16.09
Total	61.91	97.53	159.44

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

	Liabilities at amortised cost
Financial liabilities	
Non-current	
Borrowings (note 17)	562.95
Other financial liabilities	29.53
Current	
Borrowings (note 17)	14.29
Trade and other payables (note 16)	16.08
Other financial liabilities	13.67
Borrowings from unrestricted group, net	29.63
Total	666.15

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 and other receivables, prepaid and advance for purchase of equity) of US\$1.77 million and US\$2.01 million as of 31 March 2021 and 31 March 2020, 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).

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

31 March 2021

	Level 1	Level 2	Level 3	Total
Financial assets	-	86.09	-	86.09
Derivative financial assets				
Financial liabilities				
Fixed rate borrowings (including current)	541.27	-	-	541.27
Floating rate borrowings (including current)	-	73.01	-	73.01
Other financial liabilities	-	-	31.69	31.69

31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	97.53	-	97.53
Financial liabilities				
Fixed rate borrowings (including current)	405.99	9.28	-	415.27
Floating rate borrowings (including current)	-	76.08	-	76.08
Other financial liabilities	-	-	43.20	43.20

Greenko Investment Company (Restricted Group II)

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Notes to the combined financial statements

Measurement of fair value of financial instruments

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

The valuation techniques used for financial instruments categorised in Level 1,2,3 are described below:

Derivative financial assets:

The Restricted Group II entered into forward options and contracts to mitigate the foreign currency risks for debt investments in India (Refer Note 6.1). The derivative asset associated with these contracts are recognised at fair value at inception. Subsequent changes to the fair value of the financial asset from the date of inception till 31 March 2021, have been charged to profit or loss.

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

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

Instrument	Currency	Cross currency	Notional amount	Fair value as at 31 March 2021	Fair value as at 31 March 2020
Forward options	USD	INR	500.00	86.09	97.53

Other financial liabilities:

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

Borrowings:

The fair value of long-term borrowings having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Restricted Group II'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 17.2). 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 2021	31 March 2020
Gross trade receivables	34.10	25.87
Less: Allowance for expected credit loss	(0.88)	(0.39)
	33.22	25.48

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 receivables for passage of time of US\$ 0.20 million (31 March 2020: US\$0.46 million) and not past due US\$ 9.11 million (31 March 2020: US\$12.12 million). Trade receivables that are outstanding beyond the due date are considered as past due.

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

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

	31 March 2021	31 March 2020
Current	9.31	12.58
1 to 6 months	13.92	8.42
6 to 9 months	3.86	2.40
9 to 12 months	0.73	0.90
Beyond 12 months	6.28	1.57
Gross trade receivables	34.10	25.87
Less: Allowance for expected credit loss	(0.88)	(0.39)
Trade receivables	33.22	25.48

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

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

	31 March 2021	31 March 2020
As at the beginning of the year	0.39	0.21
Charge for the year	0.48	0.21
Exchange differences	0.01	(0.03)
Closing as at balance sheet date	0.88	0.39

12 Other receivables

	31 March 2021	31 March 2020
Other receivables	0.28	0.06
Advance for expenses	1.66	2.00
Sundry deposits	0.17	0.16
Total other receivables	2.11	2.22
Less: Non-current portion	(0.16)	(0.15)
Current portion	1.95	2.07

The Restricted Group II 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. With the exception of the non-current portion of other receivables all amounts are short-term and their carrying values are considered a reasonable approximation of fair values.

13 Inventories

	31 March 2021	31 March 2020
Stores and consumables	1.42	0.65
	1.42	0.65

14 Cash and cash equivalents

	31 March 2021	31 March 2020
Cash on hand	0.16	0.52
Cash at bank	15.76	15.57
	15.92	16.09

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Cash at bank includes US\$ 6.45 million (31 March 2020: US\$12.89 million) in currencies other than INR (i.e., in US\$).

15 Bank deposits

The Restricted Group II 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\$ 13.78 million (31 March 2020: US\$16.53 million) are classified as 'bank deposits' and disclosed under current assets. Deposits with maturity date beyond 12 months from the reporting date amounting to US\$ 3.75 million (31 March 2020: US\$3.60 million) are disclosed under non-current assets. Bank deposits aggregating to US\$3.84 million (31 March 2020: US\$3.61 million) given as security.

16 Trade and other payables

	31 March 2021	31 March 2020
Trade payables	3.05	4.14
Capital creditors	6.64	7.52
Interest accrued but not due on borrowings	3.05	3.63
Other payables	0.88	0.79
Total	13.62	16.08

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

17 Borrowings

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

	31 March 2021	31 March 2020
Non-current		
Term loans from banks	12.39	13.00
Term loans from financial institutions	55.59	58.07
4.875% Senior Notes (Refer note 17.2)	494.02	491.88
	562.00	562.95
Current		
Term loans from banks	0.95	0.94
Term loans from financial institutions	4.08	4.06
Working capital loans from banks	-	9.29
	5.03	14.29
Total borrowings	567.03	577.24

17.1 All borrowings are classified as financial liabilities measured at amortised cost.

17.2 During the year 2017, Greenko Investment Company ("Greenko Investment"), 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 parent 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.

17.3 Term loans from banks and financial institutions mature over the financial years 2021 to 2031 and bear floating rates of interest. The fair value of borrowings from banks and financial institutions approximates their carrying value as these borrowings carry a floating rate of interest in the range of 10.25% to 11.25%.

Greenko Investment Company (Restricted Group II)

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Notes to the combined financial statements

17.4 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. Borrowings are also secured by Corporate guarantees given by unrestricted entity and pledge of shares of the restricted entity. Working capital loans are secured by trade receivables of restricted entities.

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

	31 March 2021	31 March 2020
Indian Rupee	73.01	85.36
US\$	494.02	491.88
	567.03	577.24

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

	31 March 2021	31 March 2020
Fixed rate of interest	494.02	501.16
Variable rate of Interest	73.01	76.08
	567.03	577.24

17.7 Reconciliation of liabilities arising from financing activities

For the year ended 31 March 2021:

	1 April 2020	Cash flows	Non-cash changes		31 March 2021
			Foreign exchange movements	Amortisation of transaction costs	
Borrowings	577.24	(14.53)	2.07	2.25	567.03
Borrowings from Unrestricted Group	29.63	0.41	0.76	-	30.80

For the year ended 31 March 2020:

	1 April 2019	Acquisitions under common control	Cash flows	Non-cash changes		31 March 2020
				Foreign exchange movements	Amortisation of transaction costs	
Borrowings	583.66	-	(1.06)	(7.70)	2.34	577.24
Borrowings from Unrestricted Group	23.46	4.31	4.31	(2.45)	-	29.63

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 2021	31 March 2020
Deferred tax liabilities		
— to be recovered beyond 12 months from reporting date	36.14	31.31
— to be recovered within 12 months	-	-
	36.14	31.31

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

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

	Tangible assets	Intangible assets	Total
At 1 April 2019	15.29	8.71	24.00
Acquisitions under common control (Note 27)	5.18	1.93	7.11
Recognised in profit or loss	4.15	(1.34)	2.81
Exchange difference	(1.84)	(0.77)	(2.61)
At 31 March 2020	22.78	8.53	31.31
Recognised in profit or loss	5.06	(1.06)	4.00
Exchange difference	0.62	0.21	0.83
At 31 March 2021	28.46	7.68	36.14

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

19 Revenue

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

	31 March 2021	31 March 2020
Sale of power	77.43	93.26
Generation based incentive	3.39	4.24
	80.82	97.50

All the power generation facilities of Restricted Group II are located in India and the Restricted Group II earn its revenues from customers located in India. Restricted Group II 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 II 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 2021	31 March 2020
Revenue from wind assets	60.71	73.26
Revenue from hydro assets	20.11	24.24
Total	80.82	97.50

Details of revenue from contracts with customers:

	31 March 2021	31 March 2020
Revenue as per contracted price	81.20	98.44
Less: Rebates	(0.38)	(0.94)
	80.82	97.50

Breakdown of revenue by concentration is given below:

	31 March 2021	31 March 2020
Revenue from Government bodies	60.34	56.08
Revenue from Private parties	20.48	41.42
Total	80.82	97.50

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

20 Retirement benefit obligations

	31 March 2021	31 March 2020
Gratuity	0.35	0.19
Compensated absences	0.15	0.10
	0.50	0.29

The Restricted Group II makes annual contributions under a group gratuity plan to Life Insurance Corporation of India ("LIC") of an amount advised by LIC. The expected rate of return on plan assets is based on the expectation of the average long-term rate of return expected on the insurer managed funds during the estimated term of the obligation. The Restricted Group II expects to contribute US\$0.06 million towards the gratuity plan for the year ending 31 March 2021.

21 Employee benefit expense

	31 March 2021	31 March 2020
Salaries and wages	2.96	2.32
Employee welfare expenses	0.21	0.23
Retirement benefits—defined contribution plans	0.11	0.10
Retirement benefits—defined benefit plans		
-Gratuity	0.10	0.09
-Compensated absences	0.03	0.02
	3.41	2.76

22 Finance income and finance costs

	31 March 2021	31 March 2020
Finance income		
Interest on bank deposits and others	0.89	1.40
Fair value gain on derivative contracts	0.38	20.21
	1.27	21.61
Finance cost		
Interest on borrowings	36.14	39.28
Finance cost on derivative instruments	2.17	1.82
Fair value loss on derivative contracts	11.44	-
Bank charges	0.12	0.01
	49.87	41.11

23 Income tax expense

	31 March 2021	31 March 2020
Current tax	3.24	3.99
Deferred tax (note 18)	4.00	2.81
	7.24	6.80

Greenko Investment Company 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 II'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 II as follows:

	31 March 2021	31 March 2020
(Loss)/ Profit before tax	(9.20)	30.35
Tax rate applicable to restricted entities in India	26.00%	26.00%
Expected tax expense/ (benefit)	(2.39)	7.89
Adjustment for tax differences on account of tax holiday period and exempted tax rates	9.63	(1.09)
Tax charge	7.24	6.80

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

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 2020: 15%) 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 II 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 2020: 25% to 30%) plus applicable surcharge and cess.

24 Leases

Leases as lessee

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

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

Information about leases for which the Restricted Group II 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 2021:

	Lands	Buildings	Total
Reclassified from leasehold land as at 01 April 2019	6.42	-	6.42
Additions	-	-	-
Exchange differences	(0.53)	-	(0.53)
As at 31 March 2020	5.89	-	5.89
Additions	-	1.86	1.86
Exchange differences	0.15	0.02	0.17
As at 31 March 2021	6.04	1.88	7.92
Accumulated depreciation and impairment			
Reclassified from leasehold land as at 01 April 2019	0.16	-	0.16
Charge for the year	0.17	-	0.17
Exchange differences	(0.03)	-	(0.03)
As at 31 March 2020	0.30	-	0.30
Charge for the year	0.25	0.20	0.45
Exchange differences	0.01	0.00	0.01
As at 31 March 2021	0.56	0.20	0.76
Net book values			
As at 31 March 2021	5.48	1.68	7.16
As at 31 March 2020	5.59	-	5.59

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 Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements****The following is the movement in lease liabilities:**

	31 March 2021	31 March 2020
Opening balance	-	-
Additions	1.86	-
Finance cost accrued during the year	0.10	-
Payment of lease liabilities	(0.22)	-
Translation difference	0.02	-
Closing balance	1.76	-
Current	0.23	-
Non-current	1.53	-

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

The following is maturity profile of undiscounted lease payments:

	31 March 2021	31 March 2020
Less than one year	0.39	-
One to five years	1.10	-
More than five years	1.27	-
Total	2.76	-

The Restricted Group II 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:

	31 March 2021	31 March 2020
Variable lease expenses (other than short term)	-	-
Short-term lease expense	0.14	0.12
Low value lease expense	-	-

Amounts recognised in the statement of cash flows:

	31 March 2021	31 March 2020
Payment of lease liabilities	0.22	-

25 Commitments and contingencies

- a) Few of the Restricted Group II power generating units in India have income tax, cess and water tax disputes with the tax authorities. The Restricted Group II has appealed against the orders of authorities at appropriate levels. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US\$0.94 million (31 March 2020: US\$0.18 million).

b) Capital commitments

Capital expenditure contracted for as at 31 March 2021 but not yet incurred aggregated to US\$0.30 million (31 March 2020: US\$0.45 million).

Greenko Investment Company (Restricted Group II)

(All amounts in US Dollar millions unless otherwise stated)

Notes to the combined financial statements

26 Related-party transactions

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

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

	31 March 2021	31 March 2020
Proceeds from inter-company loans	0.41	4.31
Consideration paid against acquisitions (Note 27)	-	54.30
Project Management fee	0.55	0.46

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

	31 March 2021	31 March 2020
Balance payable	33.41	32.19
Balance receivable	2.61	2.56
Net Payable	30.80	29.63

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

- c. The Parent has given corporate guarantee for the Senior Notes aggregating to US\$500.00 million and Greenko Mauritius has pledged the shares of the Company against Senior Notes held in the Company. Unrestricted Group entity also given corporate guarantee against Indian borrowings.

27 Acquisitions under common control

On 2 April 2019, as a part of Greenko Group's strategy, Sneha Kinetic Power Private Limited ("Sneha"), one of the Restricted Group II entity as described in Note 2 and Note 3 of these combined financial statements, acquired Vayuputra Energy Private Limited ("Vayuputra") from Unrestricted Group entity, Greenko Wind Projects Private Limited ("Greenko Wind"). Sneha, Vayuputra and Greenko Wind are under common control of Greenko Energy Holdings.

On 30 September 2019, as a part of Greenko Group's strategy, Vyshali Energy Private Limited ("Vyshali"), one of the Restricted Group II entity as described in Note 2 and Note 3 of these combined financial statements, acquired Saroja Renewables Limited ("Saroja") from Unrestricted Group entity, Skeiron Renewable Energy Private Limited ("SREPL"). Vyshali, Saroja and SREPL are under common control of Greenko Energy Holdings.

Acquisition of Vayuputra by Sneha and Saroja by Vyshali falls within the ambit of common control transaction under IFRS 3 "Business Combinations". As per the Restricted Group II's accounting policy for common control transactions, acquisitions under common control are accounted for from the date of control by the Restricted Group II entity. The assets and liabilities of entities acquired under common control are recognised at their carrying amounts appearing in the Parent's consolidated financial statements as on the date of acquisition by the Restricted Group II. The differences, if any, between the consideration paid and the carrying value of net assets of the entity acquired under common control are presented in net parent investment.

Vayuputra and Saroja has discharged the Debts from external lenders/ unrestricted group on the date of acquisition. Details of carrying value of net assets assumed, consideration transferred by Restricted Group II towards net assets assumed and amounts recognised in net parent investment are summarised below.

Greenko Investment Company (Restricted Group II)*(All amounts in US Dollar millions unless otherwise stated)***Notes to the combined financial statements**

	Vayuputra	Saroja	Total
Property, plant and equipment	16.46	31.13	47.59
Intangible assets	1.34	5.97	7.31
Bank deposits	0.07	0.00	0.07
Cash and cash equivalents	0.26	0.68	0.94
Net working capital	0.49	3.92	4.41
Borrowings from unrestricted group	-	(4.31)	(4.31)
Deferred income tax liabilities	(0.39)	(6.72)	(7.11)
Carrying value of net assets	18.23	30.67	48.90
Consideration paid	(20.67)	(33.63)	(54.30)
Amount recognised in net parent investment	(2.44)	(2.96)	(5.40)

Cash outflow on account of acquisition:

Consideration paid	(20.67)	(33.63)	(54.30)
Less: Cash and cash equivalents at the time of acquisition	0.26	0.68	0.94
Net cash outflow	(20.41)	(32.95)	(53.36)

28 Impact of COVID-19:

In preparation of the financial statements, the Restricted Group II has considered the possible effects that may result from COVID-19 outbreak and more severe outbreak of the second wave in recent months. The Power plants of the Restricted Group II are operating and generation of energy is normal. Further, the Ministry of New and Renewable Energy (MNRE) has issued directives to all State DISCOM's to adhere to the status of "Must Run" with respect to Renewable energy generating companies. The Restricted Group II has not experienced any material impact on collection of its receivables from its customers due to the pandemic apart from receivables from DISCOMs which are under litigations. The management does not see any risks in the Restricted Group II's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Restricted Group II is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of the unprecedented situation.

29 Segment reporting

The Restricted Group II has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8. The Restricted Group II operations predominantly relate to generation and sale of electricity. The chief operating decision maker evaluates the Restricted Group II 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 II are presented.

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

Revenue is mainly derived from customers A, B and C who has contributed for more than 10% of total revenue of the Restricted Group II account for 21.39% (31 March 2020: 26.27%), 21.29% (31 March 2020: 20.77%) and 14.11% (31 March 2020: 14.82%), respectively.

30 Events after the reporting date

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

CONSOLIDATED FINANCIAL STATEMENTS
GREENKO ENERGY HOLDINGS
FOR THE YEAR ENDED 31 MARCH 2021

GREENKO ENERGY HOLDINGS
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KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius
Telephone +230 406 9999
Telefax +230 406 9988
BRN No. F07000189
Website www.kpmg.mu

**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 2021 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 financial statements, including a summary of significant accounting policies, as set out on pages 4 to 53.

In our opinion, these consolidated financial statements give a true and fair view of the consolidated financial position of Greenko Energy Holdings as at 31 March 2021, 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 the 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 these requirements and 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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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

Report on the Audit of the Consolidated Financial Statements

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

- 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: **28 July 2021**

Imtiaz Ajeda
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Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Consolidated statement of financial position

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	7	4,694.81	4,028.20
Intangible assets and goodwill	8	1,235.74	1,045.67
Equity-accounted investees	30	114.29	-
Bank deposits	15	90.52	78.83
Derivative financial assets	9	285.82	331.95
Other investments	10	0.34	-
Other receivables	12	15.09	20.66
		6,436.61	5,505.31
Current assets			
Inventories	13	8.14	5.69
Trade receivables	11	566.13	381.91
Other receivables	12	73.04	129.80
Other investments	10	0.07	0.05
Bank deposits	15	116.18	108.70
Taxation receivable		8.81	13.54
Cash and cash equivalents	14	558.63	322.22
		1,331.00	961.91
Total assets		7,767.61	6,467.22
Equity and liabilities			
Equity			
Share capital	16	2,255.16	1,709.28
Currency translation reserve		(326.02)	(424.66)
Other reserves		(2.76)	(2.76)
Retained earnings/ (deficit)		(80.89)	96.97
Equity attributable to owners of the Company		1,845.49	1,378.83
Non-controlling interests		14.39	17.03
Total equity		1,859.88	1,395.86
Liabilities			
Non-current liabilities			
Retirement benefit obligations	21	5.65	3.43
Borrowings	18	4,415.24	4,019.55
Other financial liabilities	9	157.41	112.55
Deferred tax liabilities, net	19	528.89	439.58
Trade and other payables	17	24.85	19.28
Lease liabilities	27	6.37	7.22
		5,138.41	4,601.61
Current liabilities			
Borrowings	18	430.88	147.81
Trade and other payables	17	272.69	265.66
Other financial liabilities	9	64.29	53.50
Lease liabilities	27	0.81	0.69
Taxation payable		0.65	2.09
		769.32	469.75
Total liabilities		5,907.73	5,071.36
Total equity and liabilities		7,767.61	6,467.22

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 2021	For the year ended 31 March 2020
Revenue	20	594.94	660.86
Other operating income		2.48	1.61
Cost of material and power generation expenses		(56.97)	(56.15)
Employee benefits expense	22	(61.24)	(28.61)
Other operating expenses		(38.57)	(24.28)
Impairment loss on trade receivables	11	(18.85)	(9.55)
Impairment charge on non-financial assets	8	(1.85)	(7.11)
Excess of group's interest in the fair value of acquiree's assets and liabilities over cost	28	10.80	25.65
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		430.74	562.42
Depreciation and amortisation	7&8	(194.81)	(197.51)
Operating profit		235.93	364.91
Finance income	23	12.41	82.69
Finance costs	23	(405.80)	(382.75)
		(157.46)	64.85
Share of profit/ (loss) from equity-accounted investees	30	2.50	(0.01)
(Loss)/ Profit before tax		(154.96)	64.84
Income tax expense	24	(53.24)	(43.38)
(Loss)/ Profit for the year		(208.20)	21.46
(Loss)/ Profit for the year attributable to:			
Owners of the Company		(205.56)	22.62
Non – controlling interests		(2.64)	(1.16)
		(208.20)	21.46
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		98.65	(338.69)
Total other comprehensive income		98.65	(338.69)
Total comprehensive income		(109.55)	(317.23)
Total comprehensive income attributable to:			
Owners of the Company		(106.91)	(316.07)
Non-controlling interests		(2.64)	(1.16)
		(109.55)	(317.23)

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/ (deficit)	Total attributable to owners of Company	Non- controlling interests	Total equity
As at 1 April 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	-	-	-	(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
Issue of ordinary shares (Refer note 16)	545.88	-	-	-	545.88	-	545.88
Share-based payments (Refer note 22)	-	-	-	27.70	27.70	-	27.70
Transactions with owners of the Company	545.88	-	-	27.70	573.58	-	573.58
Loss for the year	-	-	-	(205.56)	(205.56)	(2.64)	(208.20)
Other comprehensive income	-	98.64	-	-	98.64	-	98.64
Total comprehensive income	-	98.64	-	(205.56)	(106.92)	(2.64)	(109.56)
As at 31 March 2021	2,255.16	(326.02)	(2.76)	(80.89)	1,845.49	14.39	1,859.88

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 2021	For the year ended 31 March 2020
A. Cash flows from operating activities			
(Loss)/ Profit before tax		(154.96)	64.84
<i>Adjustments for</i>			
Depreciation and amortisation	7&8	194.81	197.51
Finance income		(12.41)	(82.69)
Finance costs		405.80	382.75
Share-based payments		27.70	7.81
Impairment loss on trade receivables		18.85	9.55
Impairment charge on non-financial assets		1.85	7.11
Share of (profit)/ loss from equity-accounted investees		(2.50)	0.01
Excess of Group's interest in the fair value of acquiree's assets and liabilities over cost	28	(10.80)	(25.65)
<i>Changes in working capital</i>			
Inventories		(2.21)	(0.88)
Trade and other receivables		(112.69)	(121.01)
Trade and other payables		43.40	4.27
<i>Cash generated from operations</i>		396.84	443.62
Taxes paid		(8.14)	(23.78)
Net cash from operating activities		388.70	419.84
B. Cash flows from investing activities			
Purchase of property, plant and equipment and capital expenditure		(77.49)	(140.86)
Acquisition of business, net of cash and cash equivalents acquired	28	(323.50)	0.44
Proceeds from sale of Investment in mutual funds		-	3.07
Investment in Equity-accounted investees		(112.12)	-
Refund / (Advance) for purchase of equity		9.14	(1.35)
Advances given to Equity-accounted investees		(1.72)	(80.90)
Amounts refunded by Equity-accounted investees		39.54	3.16
Consideration paid for acquisitions made by subsidiaries		(33.28)	(29.89)
Bank deposits		5.13	(51.17)
Interest received		11.08	25.45
Net cash used in investing activities		(483.22)	(272.05)
C. Cash flows from financing activities			
Proceeds from issue of shares	16	545.88	293.48
Proceeds from borrowings	18.7	1,386.97	1,587.24
Repayment of borrowings	18.7	(1,270.18)	(1,455.63)
Proceeds from unwinding of derivative contracts		104.54	-
Proceeds from capital subsidy		-	0.22
Payment of lease liabilities	27	(0.72)	(1.56)
Premium paid for derivative contracts		(74.10)	(31.02)
Interest paid (including loan restructuring costs)		(365.86)	(406.56)
Net cash from/ (used in) financing activities		326.53	(13.83)
Net increase in cash and cash equivalents		232.01	133.96
Cash and cash equivalents at the beginning of the year	14	322.22	214.39
Exchange losses on cash and cash equivalents		4.40	(26.13)
Cash and cash equivalents at the end of the year	14	558.63	322.22

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 4,000 million units of electricity per annum in the whole of India. The Group is also a part of the Clean Development Mechanism (“CDM”) process and generates and sells emissions reduction benefits such as Certified Emission Reductions (“CER”) and Renewable Energy Certificates (“REC”).

The Company together with its subsidiaries are hereinafter referred to as “the Group”.

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 2021 and for the year ended thereof, as at 31 March 2020 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 2021 and 31 March 2020.

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

The Group has initially adopted Definition of a Business (Amendments to IFRS 3) from 1 April 2020. A number of other new standards and amendments are also effective from 1 April 2020, but they do not have a material effect on the Group’s financial statements.

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policy are set out in Note 2.3.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.2 Consolidation

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

Equity-accounted investees

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

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

Transactions eliminated on consolidation

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

2.3 Business combination

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

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

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

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

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

iii) Financial assets at fair value through profit or loss

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

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

b) Classification and subsequent measurement: (continued)

Financial liabilities:

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

i) Financial liabilities at FVTPL

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

ii) Financial liabilities at amortised cost:

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

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

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

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

c) De-recognition of financial instruments

i) Financial asset

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

If the Group enters into transaction whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

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 Income tax expense

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

Current tax

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

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

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.

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 2021 but they do not have a material effect on the consolidated financial statements.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group does not currently have any Onerous contracts.

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. Refer note 9 for derivative financial instruments.

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

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\$5.09 million (31 March 2020: US\$4.38 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, receivables from equity accounted investees and security deposits.

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

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

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

4.3 Liquidity risk

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

In respect of its existing operations, the Group funds its 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.

The Group intends to be acquisitive in the immediate future. 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 2021:

	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings						
- Principal	4,846.12	439.69	723.39	2,212.00	1,523.87	4,898.95
- Interest	-	327.14	303.65	646.65	459.34	1,736.78
Trade and other payables*	288.28	272.69	0.03	15.56	-	288.28
Lease liabilities	7.18	1.32	1.01	3.03	4.20	9.56
Other financial liabilities	221.70	64.29	64.08	102.50	7.95	238.82
Total	5,363.28	1,105.13	1,092.16	2,979.74	1,995.36	7,172.39

* Trade and other payables that are not financial liabilities (deferred income) amounting to US\$9.26 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 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.

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.

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.

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)

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) Income tax

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 2021	Holding as at 31 March 2020
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%
Tadas Wind Energy Private Limited*	India	Generation of power	100%	-
Skeiron Renewable Energy Amidyala Limited	India	Generation of power	100%	100%
Lalpur Wind Energy Private Limited*	India	Generation of power	100%	-
Orange Sironj Wind Power Private Limited	India	Generation of power	54%	54%
Greenko Mamatkhedra Wind Private Limited	India	Generation of power	100%	100%
Greenko Rayala Wind Power Private Limited	India	Generation of power	100%	100%
Ratedi Wind Power Private Limited*	India	Generation of power	100%	-
Khandke Wind Energy Private Limited*	India	Generation of power	100%	-
Tanot Wind Power Ventures Private Limited	India	Generation of power	100%	100%
Saipuram Wind Energies Private Limited	India	Generation of power	100%	100%
Axis Wind Farms (MPR DAM) Private Limited	India	Generation of power	100%	100%
Ratnagiri Wind Power Projects Private Limited	India	Generation of power	100%	100%
Fortune Five Hydel Projects Private Limited	India	Generation of power	100%	100%
Greenko Uravakonda Wind Power Private Limited	India	Generation of power	100%	100%
Greenko Suvaan Energy Private Limited	India	Generation of power	100%	100%
Devarahippargi Wind Power Private Limited	India	Generation of power	100%	100%
Greenko Anantapur Wind Power Private Limited	India	Generation of power	100%	100%

* acquired by the Group on 5 March 2021. 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 177 (31 March 2020: 162) subsidiaries based in India and 8 (31 March 2020: 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 4 (31 March 2020: 6) associates. Set out below are the details of the Group's interest in equity-accounted investee of reporting periods. Refer note 30 for details of material associates and individually immaterial associates.

		% of equity holding	
		31 March 2021	31 March 2020
1.	Teesta Urja Limited*	30%	-
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%
6.	SEI Sooraj Renewable Energy Private Limited	-	49%
7.	SEI Sunshine Power Private Limited	-	49%

* The Group has acquired investment of 30.16% on 2 February 2021. Refer Note 30 for details.

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 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	-	-	-	-	-	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
Acquisition through business combination (Refer Note 28)	11.89	-	592.58	0.02	0.02	0.23	13.41	618.15
Additions	2.70	4.85	1.35	0.52	0.70	3.52	107.00	120.64
Disposals/capitalisation	(0.38)	-	(0.60)	(0.00)	(0.42)	(3.77)	-	(5.17)
Exchange differences	2.19	8.86	84.66	0.25	0.11	0.42	(0.67)	95.82
As at 31 March 2021	102.49	356.47	4,182.70	10.58	4.28	16.94	580.71	5,254.17
Accumulated depreciation								
At 01 April 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
Charge for the year	-	10.84	137.60	1.65	0.53	1.30	-	151.92
Disposals	-	-	(0.07)	-	(0.21)	(0.42)	-	(0.70)
Exchange differences	-	0.96	10.40	0.15	0.05	0.05	-	11.61
As at 31 March 2021	-	45.25	503.39	6.33	2.04	2.35	-	559.36
Net book values								
As at 31 March 2021	102.49	311.22	3,679.31	4.25	2.24	14.59	580.71	4,694.81
As at 31 March 2020	86.09	309.31	3,149.25	5.26	2.20	15.12	460.97	4,028.20

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\$ 38.60 million (31 March 2020: US\$19.76 million) on qualifying assets during construction. The weighted average of the borrowing costs applicable to general borrowings is 10.28%. Note 25 (g) provide details of capital commitments outstanding as at 31 March 2021.

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 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
Acquisition through business combination (Refer Note 28)	-	195.69	-	14.62	210.31
Exchange differences	3.02	17.96	1.05	5.59	27.62
As at 31 March 2021	120.41	983.65	41.93	243.38	1,389.37

Accumulated amortisation and impairment

As at 01 April 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
Amortisation for the year	4.72	36.42	1.75	-	42.89
Impairment charge for the year	-	-	-	1.85	1.85
Exchange differences	0.34	2.07	0.09	0.62	3.12
As at 31 March 2021	16.44	105.60	5.02	26.57	153.63

Net book values

As at 31 March 2021	103.97	878.05	36.91	216.81	1,235.74
As at 31 March 2020	106.01	702.89	37.70	199.07	1,045.67

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 23.26 years and for electricity PPAs is 18.82 years.

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

	31 March 2020	Acquisition through business combination	Impairment charge	Exchange difference	31 March 2021
Greenko Rayala Wind Power Company Private Limited	30.31	-	-	0.77	31.08
Sneha Kinetic Power Projects Private Limited	28.09	-	-	0.73	28.82
Tanot Wind Power Ventures Private Limited	21.55	-	-	0.55	22.10
Ratnagiri Wind Power Projects Private Limited	20.83	-	(1.85)	0.54	19.52
Fortune Five Hydel Projects Private Limited	19.81	-	-	0.50	20.31
Vyshali Energy Private Limited	16.71	-	-	0.43	17.14
Multiple units without significant goodwill	61.77	14.62	-	1.45	77.84
	199.07	14.62	(1.85)	4.97	216.81

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 approved business plan. The growth rate applied to other operating costs fully reflects the expected operating lives of the power projects.
- c) **Discount rates** - The discount rate used is pre-tax and reflects the specific risks associated with the respective projects and are in the range of 9.60% to 10.20%.

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 2021

	Amortised cost	Financial assets at FVTPL	Financial assets at FVOCI	Total
Financial assets				
Non-current				
Bank deposits (note 15)	90.52	-	-	90.52
Other receivables (note 12) ^a	15.08	-	-	15.08
Other investments (note 10)	-	-	0.34	0.34
Derivative financial assets	-	285.82	-	285.82
Current				
Other investments (note 10)	-	0.07	-	0.07
Bank deposits (note 15)	116.18	-	-	116.18
Trade receivables (note 11)	566.13	-	-	566.13
Other receivables (note 12) ^a	30.19	-	-	30.19
Cash and cash equivalents (note 14)	558.63	-	-	558.63
Total	1,376.73	285.89	0.34	1,662.96
	Amortised cost	Financial liabilities at FVTPL		Total
Financial liabilities				
Non-current				
Borrowings (note 18)	4,415.24	-	-	4,415.24
Trade and other payables (note 17) ^b	15.59	-	-	15.59
Other financial liabilities	157.41	-	-	157.41
Lease liabilities	6.37	-	-	6.37
Current				
Borrowings (note 18)	430.88	-	-	430.88
Trade and other payables (note 17) ^b	245.59	27.10	-	272.69
Other financial liabilities	64.29	-	-	64.29
Lease liabilities	0.81	-	-	0.81
Total	5,336.18	27.10		5,363.28

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 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 investments (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) ^b	244.01	21.65	265.66
Other financial liabilities	53.50	-	53.50
Total	4,587.38	21.65	4,609.03

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 are at FVTPL consists of contingent consideration payable against business combinations.

^a Other receivables that are not financial assets (such as certain advances and other receivables, prepaid and advance for purchase of equity) of US\$42.86 million and US\$44.65 million as of 31 March 2021 and 31 March 2020, respectively, are not included.

^b Trade and other payables that are not financial liabilities (such as deferred income and deferred gain) of US\$ 9.26 million and US\$9.32 million as of 31 March 2021 and 31 March 2020, 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)

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

31 March 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value				
Other investments	0.07	-	0.34	0.41
Derivative financial assets	-	285.82	-	285.82
Financial liabilities:				
Measured at amortised cost				
Fixed rate borrowings (including current)	3,183.67	947.78	-	4,131.45
Floating rate borrowings (including current)	-	1,016.81	-	1,016.81
Other financial liabilities	-	-	221.70	221.70
Measured at fair value				
Contingent consideration payable	-	-	27.10	27.10

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

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 2021, 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 2021	Notional amount as at 31 March 2020	Fair value as at 31 March 2021	Fair value as at 31 March 2020
Forward options	US\$	INR	2,120.00	1,935.00	285.82	331.95
			2,120.00	1,935.00	285.82	331.95

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

9 Financial assets and liabilities (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

Non-current investments:

Equity securities – at FVOCI

	31 March 2021	31 March 2020
Pranurja Solutions Limited (25,000,000 Equity shares of INR 1 each, fully paid-up)	0.34	-
	0.34	-

The Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes. No strategic investments were disposed of during the year and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Current investments:

	31 March 2021	31 March 2020
Beginning of the year	0.05	3.21
Redemption	-	(3.07)
Effect of exchange difference	-	(0.08)
Unrealised gains	0.02	(0.01)
	0.07	0.05

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 2021	31 March 2020
Quoted securities:		
— Units of open-ended mutual funds (debt instruments)	0.07	0.05
	0.07	0.05

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.

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

	31 March 2021	31 March 2020
Gross trade receivables	605.19	401.51
Less: Allowance for expected credit loss	(39.06)	(19.60)
	566.13	381.91

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 receivables for passage of time of US\$ 14.18 million (31 March 2020: US\$8.07 million) and not past due US\$ 106.14 million (31 March 2020: US\$109.88 million). Trade receivables that are outstanding beyond the due date are considered as past due.

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

	31 March 2021	31 March 2020
Current	120.32	117.95
1 to 6 months	155.07	111.73
6 to 9 months	68.24	51.78
9 to 12 months	31.35	40.39
Beyond 12 months	230.21	79.66
Gross trade receivables	605.19	401.51
Less: Allowance for expected credit loss	(39.06)	(19.60)
Trade receivables	566.13	381.91

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

As at 31 March 2021, trade receivables include US\$ 283.40 million (31 March 2020: US\$ 167.90 million) outstanding from Southern Power Distribution Company of Andhra Pradesh Limited ("APDISCOM"), of which current portion is US\$ 25.90 million (31 March 2020: US\$ 26.80 million) and past due is US\$ 257.50 million (31 March 2020: US\$ 141.10 million) of which US\$167.69 million are under litigation. The Group along with other companies in the industry have challenged the APDISCOM's non-payment of the outstanding dues in the Courts. These receivables have been considered as fully recoverable by the Directors based on the evaluation of terms implicit in the contracts with the customer, judgements in favour of the Group and industry, various support regulations issued by the Central Government of India and legal opinions. Further these receivables contractually carry interest for the delay in payment from the respective due dates. Refer note 26(a) for further details with respect to the ongoing litigations. The Hon'ble High Court of Andhra Pradesh has ordered that the final hearings of the Writ Appeals will commence from 2 August 2021 and the management believes that the final order would be in its favour. Accordingly, no adjustment has been made in the consolidated financial statements.

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

	31 March 2021	31 March 2020
As at the beginning of the year	19.60	11.67
Charge for the year	18.85	9.55
Exchange differences	0.61	(1.62)
Closing as at balance sheet date	39.06	19.60

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****12 Other receivables**

	31 March 2021	31 March 2020
Other receivables	25.76	20.49
Advance for expenses	21.14	19.49
Receivables from equity-accounted investees	24.99	89.41
Sundry deposits	16.23	12.07
Advance for purchase of equity	0.01	9.00
Total other receivables	88.13	150.46
Less: Non-current portion	(15.09)	(20.66)
Current portion	73.04	129.80

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.

13 Inventories

	31 March 2021	31 March 2020
Stores and consumables	7.30	4.82
Raw materials	0.84	0.87
	8.14	5.69

14 Cash and cash equivalents

	31 March 2021	31 March 2020
Cash on hand	0.35	1.71
Cash at bank	558.28	320.51
	558.63	322.22

Cash at bank of the Group includes US\$ 70.32 million (31 March 2020: US\$217.07 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\$ 116.18 million (31 March 2020: US\$ 108.70 million) are classified as 'bank deposits'. Deposits with maturity date beyond 12 months from the reporting date amounting to US\$ 90.52 million (31 March 2020: US\$78.83 million) are disclosed under non-current assets. Bank deposits aggregating to US\$ 102.15 million (31 March 2020: US\$ 80.61 million) given as security against debt service coverage.

Bank deposits include US\$ 14.00 million (31 March 2020: US\$ 14.00 million) in currencies other than INR (i.e., in US\$).

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

16 Share capital

	31 March 2021	31 March 2020
Issued and fully paid with no par value		
1,088,146,129 (31 March 2020: 919,075,134) Class A shares	2,255.16	1,709.28
7,044,000 (31 March 2020: 21,132,000) Class B2 Performance shares	-	0.00
Total	2,255.16	1,709.28

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

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

- During May 2019, the Company has entered into a Promoter Incentive Deed with GVL Management Services Limited, wherein the Company has issued 21,132,000 Class B2 performance shares in consideration for a subscription amount of US\$ 1. On 5 March 2021, 14,088,000 Class B2 performance shares were converted into Class A shares pursuant to and in accordance with the terms of the agreement.
- During June 2018, the Company granted a right to subscribe 51,271,209 warrant shares to Greenko Ventures Limited ("GVL") at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. GVL had subscribed to 12,000,000 warrant shares during the previous year and subscribed to balance 39,271,209 warrant shares on 22 February 2021.
- During May 2019, the Company granted a right to subscribe 101,634,576 warrant shares to Greenko Ventures Limited ("GVL") at any time during the warrant period at the warrant price contemplated in warrant deed entered between the shareholders of the Company. On 5 March 2021, GVL has subscribed to 32,311,786 warrant shares.
- During January 2021, the Company and shareholders entered into definitive agreements with Orix Corporation, Japan to acquire shares of the Company. On 5 March 2021, Orix Corporation has subscribed to 83,400,000 shares of the Company.

17 Trade and other payables

	31 March 2021	31 March 2020
Trade payables	35.42	31.37
Capital creditors	52.75	52.96
Interest accrued but not due on borrowings	50.67	61.18
Cost of acquisition payable	60.75	92.25
Deferred income	9.26	9.32
Advances from equity-accounted investees	1.27	5.09
Other payables	87.42	32.77
Total trade and other payables	297.54	284.94
Less: Non-current portion	(24.85)	(19.28)
Current portion	272.69	265.66

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. Other payables as at 31 March 2021 also includes US\$ 40.70 million towards tax deducted at source by Greenko Power Projects (Mauritius) Limited on consideration paid to Orix Corporation towards acquisition of Orix Wind Projects (Refer note 28).

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 Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****18 Borrowings**

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

	31 March 2021	31 March 2020
Non-current – Financial liabilities measured at amortised cost		
Term loans from banks	402.88	77.72
Term loans from financial institutions	1,159.03	1,007.87
5.25% Senior Notes {Refer Note 18.5 (a)}	-	644.79
4.875% Senior Notes {Refer Note 18.5 (a) and (b)}	494.02	839.08
5.55% Senior Notes {Refer Note 18.5 (c)}	493.75	492.59
5.95% Senior Notes {Refer Note 18.5 (c)}	527.82	527.07
6.25% Senior Notes {Refer Note 18.5 (d)}	431.91	430.43
3.85% Senior Notes {Refer Note 18.5 (a)}	905.83	-
	4,415.24	4,019.55
Current – Financial liabilities measured at amortised cost		
Term loans from banks	236.54	2.66
Term loans from financial institutions	66.82	97.18
3.85% Senior Notes {Refer Note 18.5 (a)}	28.20	-
Working capital loans	99.32	47.97
	430.88	147.81
Total borrowings	4,846.12	4,167.36

- 18.1 Term loans from banks and financial institutions mature over the financial years 2022 to 2040 and bear rates of interest in the range of 8.50% 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\$ 77.34 million (31 March 2020: US\$53.10 million).
- 18.3 The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 March 2021	31 March 2020
Indian Rupee (INR)	1,964.59	1,233.40
US Dollar (US\$)	2,881.53	2,933.96
	4,846.12	4,167.36

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

	31 March 2021	31 March 2020
Fixed rate of interest	3,829.31	3,573.28
Variable rate of Interest	1,016.81	594.08
	4,846.12	4,167.36

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

18 Borrowings (continued)

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

- 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.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

18 Borrowings (continued)

18.7 Reconciliation of liabilities arising from financing activities:

	As at 1 April 2020	Proceeds during the year	Repayment during the year	Additions through business combinations	Non-cash changes		As at 31 March 2021
					Foreign Exchange movements	Transactio n costs/ accrued	
Borrowings	4,167.36	1,386.97	(1,270.18)	515.54*	28.80	17.63	4,846.12
Lease liabilities (note 27)	7.91	(1.82)	(0.72)	0.26	0.87	0.68	7.18

* net of inter-company borrowings amounting to US\$ 30.21 million.

	As at 1 April 2019	Proceeds during the year	Repaym ent 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 2021	31 March 2020
Deferred tax liabilities		
— to be recovered beyond 12 months from reporting date	528.89	439.58
— to be recovered within 12 months	-	-
	528.89	439.58

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

	Tangible assets	Intangible assets	Others	Total
At 01 April 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
Acquisition through business combination (Refer Note 28)	40.12	49.26	(42.59)	46.79
Recognised in profit or loss	41.54	(12.98)	3.17	31.73
Exchange difference	5.01	5.59	0.19	10.79
At 31 March 2021	315.75	270.08	(56.94)	528.89

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable and the Group did not recognise the deferred tax asset of US\$ 87.69 million (31 March 2020: US\$ 82.53 million) on losses as there may not be sufficient taxable profits to offset these losses. The Group did not recognise the deferred tax asset of US\$ 59.40 million (31 March 2020: US\$ 45.90 million) on Minimum Alternate Tax (MAT) credit entitlement in respect of certain Indian entities as there may not be sufficient future taxable profits will be available against which the Group can use these MAT credit entitlements.

Greenko Energy Holdings

(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 2021	31 March 2020
Sale of power	573.39	630.09
Sale of renewable energy certificates	0.11	5.08
Generation based incentive	21.44	25.69
	594.94	660.86

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 2021	31 March 2020
Revenue from wind assets	316.09	379.39
Revenue from solar assets	201.58	212.34
Revenue from hydropower assets	76.55	67.53
Revenue from others	0.72	1.60
Total	594.94	660.86

Breakdown of revenue by concentration is given below:

	31 March 2021	31 March 2020
Revenue from Government bodies	547.94	605.50
Revenue from Private parties	47.00	55.36
Total	594.94	660.86

Revenue is mainly derived from customers A and B who has contributed for more than 10% of total revenue of the Group and they account for 23.88% (31 March 2020: 25.97%) and 13.84% (31 March 2020: 13.15%), respectively.

21 Retirement benefit obligations

The Group has an obligation towards defined benefit plans towards gratuity and compensated absences of US\$ 3.89 million (31 March 2020: US\$2.31 million) and US\$ 1.76 million (31 March 2020: US\$1.12 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\$ 0.25 million towards the gratuity plan for the year ending 31 March 2022.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

22 Employee benefit expense

	31 March 2021	31 March 2020
Salaries and wages	28.96	18.73
Share-based payments (refer below)	27.70	7.81
Employee welfare expenses	0.98	0.77
Retirement benefits—defined contribution plans	1.03	0.70
Retirement benefits—defined benefit plans		
-Gratuity	1.92	0.44
-Compensated absences	0.65	0.16
	61.24	28.61

Share-based payments:

During the previous 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 for three financial years and valuation performance hurdle as set out in the Promoter Incentive Deed entered on 23 May 2019.

The fair value of said performance shares has been determined using the price at which new shares have been allotted to all the other existing shareholders on the date of grant. The Group achieved the EBITDA performance hurdle for one of the three financial years, 31 March 2019 and did not achieve the EBITDA performance hurdle for the balance two financial years. Accordingly, the proportionate share warrants for the EBITDA performance hurdle were not exercisable. The Group achieved the valuation hurdle during the year. On 5 March 2021, 14,088,000 Class B2 performance shares were converted into Class A shares on fulfillment of EBITDA and valuation performance hurdle. Accordingly, the Group has recognised share-based payment costs to the extent performance hurdles has been met.

23 Finance income and costs

	31 March 2021	31 March 2020
Finance income		
Foreign exchange gain	1.83	0.10
Interest on bank deposits	10.39	14.03
Fair value gain on derivative contracts	0.17	68.39
Dividend from units of mutual funds	0.02	0.17
	12.41	82.69
Finance costs		
Finance cost on borrowings	291.29	338.90
Finance cost on derivative instruments	8.54	15.52
Fair value loss on derivative contracts	63.02	-
Loan restructuring costs*	42.00	26.32
Bank charges	0.95	2.01
	405.80	382.75

* During the year, Greenko Dutch B.V. has refinanced the existing Senior Notes (Refer note 18.5 (a)). Loan restructuring costs amounting to US\$ 42.00 million represents the cost of prepayment, notice period interest and unamortised transaction costs of existing Senior Notes.

Greenko Energy Holdings*(All amounts in US Dollar millions unless otherwise stated)***Notes to the consolidated financial statements****24 Income tax expense**

	31 March 2021	31 March 2020
Current tax	21.51	21.03
Deferred tax (note 19)	31.73	22.35
	53.24	43.38

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 2021	31 March 2020
Profit/ (Loss) before tax	(154.96)	64.84
Tax rate applicable to entities in Group operating in India	26%	26%
Expected tax expense/ (benefit)	(40.29)	16.86
Tax effect of:		
Withholding tax in India on interest payments on inter-company debt from group companies in other jurisdictions	10.65	5.21
Effect of tax rate in other jurisdictions (Mauritius and Singapore)	0.49	0.72
Non-deductible losses and expenses	12.24	14.55
Minimum alternative tax by entities eligible for tax holiday period	10.53	12.69
Deferred tax asset not recognised on temporary differences	23.19	4.59
Fair value loss/ (gain) on derivative contracts and loan restructuring costs	27.31	(10.94)
Share of profit from equity-accounted investees and bargain purchase	(3.46)	(6.67)
Share-based payments, impairments and others	12.58	6.37
Tax charge	53.24	43.38

The Indian subsidiaries of the Group are engaged in power generation. Majority of the Indian subsidiaries qualify for deduction from taxable income under section 80-IA of the Indian Income Tax Act, 1961. The exemption is only available to the projects completed on or before 31 March 2017. The tax holiday period under the Indian Income Tax Act is for 10 consecutive tax assessment years out of a total of 15 consecutive tax assessment years from the tax assessment year in which commercial operations commenced. However, these companies are still liable for Minimum Alternate Tax which is calculated on the book profits of the relevant entity and is currently at a rate of 15.00% (31 March 2020: 15.00%) plus applicable surcharge and cess.

The Taxation Laws (Amendment) Act, 2019 has brought key changes to corporate tax rates in the Income Tax Act, 1961, which provide an option to a domestic company to pay income-tax at reduced rate of 22% plus applicable surcharge and cess subject to certain conditions. Based on entity specific assessment, 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 2021, the statutory income tax rate as per the Income Tax Act, 1961 ranges between 25% to 30% (31 March 2020: 25% to 30%) plus applicable surcharge and cess.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

25 Commitments and contingencies

The commitments and contingencies of the Group for the year 31 March 2021 and 31 March 2020 are:

- a) A few of the Group's power generating units in India have income tax disputes, indirect tax disputes, cess and water tax disputes with the tax authorities. The Group has appealed against the orders at appropriate levels. The Group has been successful in obtaining favourable orders in few cases. The tax authorities have appealed against these orders. Based on assessment of these claims, the management is confident of ultimate favourable outcome. The amount involved in these claims are US\$ 11.78 million (31 March 2020: US\$6.73 million).
- b) Greenko Budhil Hydro Power Private Limited (Greenko Budhil), one of the subsidiaries of the Company, had received demand notices aggregating to US\$ 6.36 million (31 March 2020: US\$10.06 million) from various government authorities in relation to duty drawback and common costs for transmission lines for the period November 2011 to May 2012. Greenko Budhil has contested these demands at various levels. Pending disposal of these matters, based on internal assessment and based on legal opinion, the Group is confident of favourable outcomes in these matters. Further, the promoters/erstwhile seller-shareholders are responsible and obligated to the Group to settle these disputes.

Greenko Budhil, one of the subsidiaries of the Company, terminated Power Purchase Agreement (PPA) entered with PTC India Limited (PTC). Haryana Power Generation Corporation Limited (HPGCL), the ultimate beneficiary (as PTC entered into a power supply agreement with HPGCL), disputed the termination. HPGCL approached the Haryana Electricity Regulatory Commission (HERC) seeking inter alia that (i) the termination of the PPA to be declared illegal and invalid and (ii) that both the Greenko Budhil and PTC be directed to comply with their obligations qua HPGCL ("HPGCL Petition"). Appellate Tribunal for Electricity (APTEL) has held that HERC does not have jurisdiction over the dispute. HPGCL and PTC both have challenged the decision of APTEL separately with Hon'ble Supreme Court of India. 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.

- c) Himachal Sorang Power Private Limited (HSPPL) has entered into a Bulk Power Transmission Agreement (BPTA) with Power Grid Corporation of India Limited (PGCIL) for power transmission. HSPPL would bear its share of applicable transmission charges as agreed in consideration for long term open access. Due to force majeure events in the year 2015, the commercial operations were not started by HSPPL. PGCIL has filed a petition on 14 February 2017, with the Central Electrical Regulatory Commission ("CERC") for recovery of transmission charges amounting to US\$3.98 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\$ 9.10 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\$ 6.01 million towards its claim for relinquishment charges. HSPPL has filed the appeal with APTEL and the matter is pending with APTEL. In similar appeal filed by another long-term customer of PGCIL, APTEL vide its order dated 28 February 2020 held that invoices would be raised only after determination of the petition before the CERC and notice given to appellant should not consider as invoice/demand. Based on the facts and events and based on the legal opinion of an independent counsel, the management believes that the Group has a strong case and outflow of economic resources is not probable in both the cases with PGCIL.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

25 Commitments and contingencies (continued)

- d) Himachal Sorang Power Private Limited (“HSPPL”) is party to an arbitration proceeding instituted at the Singapore International Arbitration Centre (“SIAC”) by NCC Infrastructure Holdings Limited (“NCCIHL”) against HSPPL and TAQA India Power Ventures Private Limited (“TAQA”) (sellers of HSPPL to Greenko). The arbitration proceedings pertain to disputes between TAQA, NCCIHL, NCC Limited (“NCC”) and HSPPL while HSPPL was under TAQA, and is connected to certain generation incentive claim by NCCIHL under provisions of Share Purchase Agreement that TAQA had executed, inter-alia with NCCIHL for purchase of HSPPL by TAQA from NCCIHL and others (“Share Purchase Agreement”). The present arbitration is connected to a previous SIAC arbitration (“First Arbitration”) that existed among TAQA, NCCIHL, NCC and HSPPL and which was decided by the SIAC tribunal (“First Arbitral Tribunal”) predominantly in favour of HSPPL / TAQA (“First Arbitration Award”) subsequent to acquisition of HSPPL by Greenko Group.

Based on few underlying assumptions of First Arbitration Award (which underlying assumptions have itself been remitted back to the First Arbitral Tribunal pursuant to a Singapore Court of Appeals judgment in October 2020), NCCIHL filed the ongoing arbitration for incentive payment as per the Share Purchase Agreement with TAQA (“Second Arbitration”). The hearing in the Second Arbitration has been concluded and a final Award is awaited. The management of HSPPL is of the opinion that it has no exposure to NCCIHL since the Second Arbitration is connected to First Arbitration, inter-alia TAQA and NCCIHL, NCCIHL has specifically waived any claims against HSPPL, and HSPPL has indemnity protection from TAQA under Securities Purchase Agreement executed between TAQA and Greenko Group for acquisition of HSPPL.

- e) The Group have acquired private lands for setting up wind and solar power plants. In certain cases, these acquisitions have been challenged on grounds such as unauthorised encroachment, inadequate compensation, seller not entitled to transact and/or consideration has not been paid to all legal/ beneficial owners. In these cases, the Group has not received any demand for additional payment and these cases are pending at District Court/High Court Level. The management believes that the Group have a strong case on merits and outflow of economic resources is not probable.
- f) In addition to matters mentioned above, the Group is subject to 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 2021 but not yet incurred aggregated to US\$ 681.96 million (31 March 2020: US\$433.34 million).

26 Other disputes

(a) Receivables from APDISCOM

During the previous 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 had 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 all wind and solar companies having PPAs with APDISCOM for arbitrary reduction of PPA 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. Indian Wind Power Association (“IWPA”) and several Wind and Solar Generating companies including the Group companies having PPAs with APDISCOM had approached the Hon’ble High Court of Andhra Pradesh (“AP HC”), which had 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 the APDISCOM notices and quashed the order of Government Andhra Pradesh for constitution of the HLNC.

In the meantime, APDISCOM had filed a petition (“OP 17/19”) before Andhra Pradesh Electricity Regulatory Commission (“APERC”) seeking reduction of PPA tariffs. Against these petitions, IWPA and several wind generating companies filed writ petition before the AP HC. The Single Judge of AP HC vide its order dated 24 September 2019, instructed APDISCOM to honour pending and future bills but in interim to pay the money at Rs. 2.44 per unit (as against the billed rate) and it is only an interim measure until the matter is resolved by the APERC and directed the APERC to conclude the hearings in OP 17/19 within 6 months period.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

26 Other disputes (continued)

(a) Receivables from APDISCOM (continued)

IWPA and power generating companies have filed Writ Appeals before the Division Bench of the AP HC challenging the jurisdiction of APERC in entertaining OP 17/19. Parallely, IWPA and power generating companies have filed another Writ Appeals before the Division Bench of the AP HC challenging the directions of Single Judge of AP HC to APDISCOM for releasing the monies at interim rate of Rs. 2.44 per unit. The above Write Appeals were partly heard in March 2020 and AP HC heard only urgent matters during COVID pandemic.

Therefore, the power generating companies including the Group have filed petitions under Article 139 of the Constitution of India before the Hon'ble Supreme Court of India ("Supreme Court") seeking transfer of the proceedings pending before the Division Bench of AP HC, and for adjudication of the same by the Supreme Court.

While the transfer petitions were pending in the Supreme Court, the AP HC heard interim applications in Writ Appeals regarding payment related matters on 9 April 2021 and 22 April 2021. Thereafter, on 28 June 2021, the AP HC passed orders stating that final hearings of Writ Appeals will start on 2 August 2021.

In view of the relief from AP HC, the recent APTEL orders in favour of Group, settled legal positions on the issue 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 2021 is US\$ 283.40 million (31 March 2020: US\$ 167.90 million), of which US\$ 167.69 million are under litigation.

(b) Receivables from GUVNL

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

However, GUVNL has held back payments for the billing period from 01 November 2018 till 14 October 2019 to the Wind SPVs on account of certain outstanding dues by other Infrastructure Leasing and Financial Services Limited group entities ("IL&FS Group") to GEB Provident Fund Trust. GUVNL is the administrator of GEB Provident Fund Trust. These Wind SPVs were part of IL&FS Group upto 14 October 2019. The total dues outstanding for the period from 01 November 2018 to 14 October 2019 is US\$ 24.71 million. These Wind SPVs entities were neither the guarantor nor the party to the transactions between other IL&FS Group entities and GEB Provident Fund Trust since beginning. Orix Corporation, Japan has acquired 51% stake of these entities on 15 October 2019 from IL&FS Group (Prior to 15 October 2019, Orix Corporation has held 49% shareholding). GUVNL has started releasing payments for supply of power from 15 October 2019 onwards i.e. from the date of ceasing to be part of IL&FS Group.

These Wind SPVs, as part of IL&FS Group, had filed applications with Gujarat Electricity Regulatory Commission ("GERC") on 8 April 2019 to recover the outstanding dues withheld by GUVNL. However, in the case of one of the SPVs, GERC vide its order dated 8 July 2019 dismissed the application filed on the grounds that GERC cannot entertain the application in view of the pending proceedings before National Company Law Appellate Tribunal ("NCLAT"), being the regulator for Insolvency and Bankruptcy Code ("IBC") proceeding of IL&FS Group and directed the applicant to approach NCLAT. These Wind SPVs accordingly preferred applications with NCLAT on 27 August 2019 stating that any set off of the dues by GUVNL is in violation of an earlier interim order by NCLAT on 15 October 2018 in relation to the IL&FS Group pending proceedings. The NCLAT vide order dated 26 September 2019, had directed GUVNL to release the amounts due to these Wind SPVs by 23 October 2019. Meanwhile, ORIX Corporation has acquired 51% shareholding of these Wind SPVs on 15 October 2019 from IL&FS Group. Since the applications by these Wind SPVs filed at NCLAT were prior to the Orix Corporation acquisition, in view of the subsequent development the NCLAT has on 23 October 2019, allowed the withdrawal of the said application as these entities ceased to be part of IL&FS Group from 15 October 2019 with the liberty to approach the appropriate forum as per law. Accordingly, an appeal has been filed by one of the Wind SPV with Appellate Tribunal For Electricity (APTEL) in New Delhi on 9 December 2019 against the GERC order dated 8 July 2019 to recover the outstanding dues withheld by GUVNL. The subsequent hearings at APTEL and GERC are in progress.

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

27 Leases

Leases as lessee

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

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

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

Right-of-use assets:

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

	Lands	Buildings	Total
Recognised on 01 April 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 01 April 2020	9.80	6.74	16.54
Additions	0.45	3.07	3.52
Acquisition through business combination (note 7)	0.23	-	0.23
Exchange differences	0.25	0.17	0.42
Deletions	-	(3.77)	(3.77)
As at 31 March 2021	10.73	6.21	16.94
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 01 April 2020	0.49	0.93	1.42
Charge for the year	0.46	0.84	1.30
Deletions	-	(0.42)	(0.42)
Exchange differences	0.01	0.04	0.05
As at 31 March 2021	0.96	1.39	2.35
Net book values			
As at 31 March 2021	9.77	4.82	14.59
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:

	31 March 2021	31 March 2020
Opening balance	7.91	9.26
Additions	3.06	-
Finance cost accrued during the year	0.68	0.94
Payment of lease liabilities	(0.72)	(1.56)
Derecognised during the year	(4.62)	-
Translation difference	0.87	(0.73)
Closing balance	7.18	7.91
Current	0.81	0.69
Non-current	6.37	7.22

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

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

27 Leases (continued)

The following is maturity profile of undiscounted lease payments:

	31 March 2021	31 March 2020
Less than one year	1.32	1.48
One to five years	4.04	5.49
More than five years	4.20	6.37
Total	9.56	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. The weighted average incremental borrowing rate applied to lease liabilities is 10%.

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

	31 March 2021	31 March 2020
Variable lease expenses (other than short term)	-	-
Short-term lease expense	1.06	0.11
Low value lease expense	-	-

Amounts recognised in the statement of cash flows:

	31 March 2021	31 March 2020
Payment of lease liabilities	0.72	1.56

28 Business combinations

A) During the year:

- a) During January 2021, the Company through its wholly owned subsidiary Greenko Power Projects (Mauritius) Limited ("GPPM") entered into a definitive agreement with Orix Corporation, Japan to acquire the 100% equity shares of certain target Indian subsidiaries (collectively referred as "Orix Wind Projects").

The transaction primarily involved acquisition of wind power projects of Orix Corporation in India. The selected portfolio consists of 873.50 MW operational wind projects. The acquisition was completed on 05 March 2021. However, the valuation of the acquired assets and liabilities has been carried out on 01 March 2021 considering that the effect of transactions from 01 March 2021 to 04 March 2021 were not material to the consolidated financial statements. The Group has assessed whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has concluded that the acquired set is a business.

- b) The Group through its subsidiaries has acquired 49% shareholding in SEI Solarvana Power Private Limited, SEI Sooraj Renewable Energy Private Limited and SEI Sunshine Power Private Limited from SunEdison Group in earlier years (collectively referred as "Solar entities"). These entities are operating entities with a capacity of 90 MW. On 31 March 2021, the Group has acquired the balance 51% shareholding of these Solar entities by assuming debt on the acquisition date. Pursuant to the conditions being met in March 2021, the Group obtained the control over the Board of these Solar entities including the power to direct the relevant activities of the investee unilaterally. Share transfer got completed subsequent to 31 March 2021. The Group has assessed whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has concluded that the acquired set is a business.

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

	Orix Wind Projects	Solar entities	Total
Purchase consideration:			
- Consideration paid	341.82	-	341.82
- Advance for purchase of equity	-	0.00	0.00
Total purchase consideration	341.82	-	341.82
Fair value of net assets acquired	327.20	10.80	338.00
Goodwill/ (Excess of group's interest in the fair value of acquiree's assets and liabilities over cost)	14.62	(10.80)	

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:

	Orix Wind Projects	Solar entities	Total
Property, plant and equipment	545.40	72.75	618.15
Intangible assets (customer contracts)	182.42	13.28	195.70
Trade receivables	80.50	0.86	81.36
Loans and advances	4.82	5.56	10.38
Cash and cash equivalents	17.51	0.81	18.32
Bank deposits	15.75	4.29	20.04
Lease liabilities	(0.26)	-	(0.26)
Borrowings	(464.39)	(81.36)	(545.75)
Trade and other payables	(11.66)	(1.49)	(13.15)
Deferred tax liability	(42.89)	(3.90)	(46.79)
Net assets	327.20	10.80	338.00

Net cash outflow on account of business combinations

	Orix Wind Projects	Solar entities	Total
Total purchase consideration	341.82	0.00	341.82
Advances and investments in associates	-	0.00	0.00
Cash and cash equivalents	(17.51)	(0.81)	(18.32)
Net cash outflow/ (inflow) on acquisitions	324.31	(0.81)	323.50

Goodwill recognised is primarily attributable to the future economic and synergy benefits arising from assets acquired to strengthen its position in renewable energy sector. Goodwill is allocated to the group of assets acquired. None of the goodwill recognized is expected to be deductible for income tax purposes.

Excess of group's interest in the fair value of acquiree's assets and liabilities over cost is on account of Seller's exit from the above entities and bilateral negotiations between parties which has resulted into gain of US\$ 10.80 million.

Revenue from operations and loss from the date of acquisition from these entities is US\$ 5.61 million and US\$ 1.23 million, respectively. If the acquisitions had occurred on 1 April 2020, the amount of revenue and loss from these entities would have been US\$ 98.68 million and US\$ 1.08 million, respectively.

The trade receivables comprise gross contractual amounts due of US\$ 78.92 million which are expected to be fully recoverable as at the date of acquisition.

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.

B) During the previous 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.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Business combinations (continued)

- 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. Share transfer got completed for 91% shareholding and the balance 9% is in the process of transfer.

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:

	Jilesh	EPPL	Total
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)

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 outflow 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 outflow 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.

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.

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

28 Business combinations (continued)

C) Measurement of fair values:

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

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

Intangible assets (Power Purchase Agreements) - Multi Period Excess Earnings Method ("MEEM"). Power Purchase Agreements (PPAs) are long-term customer contracts having a term of 10 to 25 years. The MEEM is commonly used when a reliable direct measurement of future economic benefits generated by an intangible asset is not possible. The method takes a 'residual approach' to estimating the income that an intangible is expected to generate. It generally starts with the total expected income streams for a business or group of assets as whole and deducts charges for all the other assets used to generate income with the intangible asset under review during its economic life.

29 Related-party transactions

- a) Cambourne Investment Pte Limited, an affiliate of GIC Private Limited ("GIC") is considered as the Holding Company of the Group. Abu Dhabi Investment Authority ("ADIA") and Orix Corporation, Japan held the shareholding of 13.93% and 21.55%, respectively as on 31 March 2021. Further, Greenko Ventures Limited, GVL Management Services Limited and Horizontes Capital Partners Limited, in which Anil Kumar Chalamalasetty and Mahesh Kolli (Non-Executive Directors) have a beneficial interest, holds 8.98% shareholding of the Company as on 31 March 2021.
- b) The following transactions were carried out with related parties:

Key management compensation

	31 March 2021	31 March 2020
Short-term employee benefits		
Mr. Om Prakash Bhatt	0.25	0.25
Mr. Kunnasagaran Chinniah	0.08	0.08
Mr. Nasserreddin Mukhtar Munjee (w.e.f 2 April 2019)	0.08	0.07
Mr. Sriram Yarlagadda (Upto 2 April 2019)	-	0.01
Total short-term employee benefits	0.41	0.41

Share-based payments

	31 March 2021	31 March 2020
Short-term employee benefits		
GVL Management Services Limited (Refer note 22)	27.70	7.81
	27.70	7.81

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

	31 March 2021	31 March 2020
Contribution for corporate social responsibility activities	2.02	0.27

- d) The Group has acquired certain operating wind projects from Orix Corporation on 5 March 2021 for a cash consideration of US\$ 341.82 million. Refer note 28(A)(a) for details of business acquired.

- e) **Equity-accounted investees:**

	31 March 2021	31 March 2020
Interest free inter-company loans receivable on demand		
Advances given to Equity-accounted investees	1.72	80.90
Amounts refunded by Equity-accounted investees	39.54	3.16
Amount receivable	24.99	89.41
Amount payable	1.27	5.09

Greenko Energy Holdings

(All amounts in US Dollar millions unless otherwise stated)

Notes to the consolidated financial statements

30 Equity-accounted investees

	31 March 2021	31 March 2020
Interests in Associates	114.29	0.00
	114.29	0.00

a) Details of Material Associates:

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

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

	31 March 2021*	31 March 2020
Percentage of ownership interest	30.16%	-
Non-current assets	1,734.39	-
Current assets	110.61	-
Non-current liabilities	(1,371.84)	-
Current liabilities	(89.11)	-
Net assets (100%)	384.05	-
Group's share of net assets (30.16%)	115.83	-
Exchange differences	(1.54)	-
Carrying amount of interest in associate	114.29	-
Revenue#	24.49	-
Profit for the period#	(10.96)	-
Other comprehensive income	(0.00)	-
Total comprehensive income for the period#	(10.96)	-
Group's share of total comprehensive income	(3.31)	-
Excess of Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment	5.81	-
Share of profit from equity-accounted investees	2.50	-

* Based on unaudited financial information, certified by its Management for the year ended 31 March 2021.

For the period February 2021 to March 2021.

b) Details of Individually not Material Associates:

The Group also has interests in three 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 2021	31 March 2020
Carrying amount of interests in associates	0.00	0.18
Transfer on account of business combination (Refer Note 28(A)(b))	0.00	(0.17)
Share of:		
(Loss)/ Profit from continuing operations	0.00	(0.01)
	0.00	0.00

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 possible effects that may result from COVID-19 outbreak and more severe outbreak of the second wave in recent months. The Power plants of the Group are operating and generation of energy is normal. Further, the Ministry of New and Renewable Energy (MNRE) has issued directives to all State DISCOM's to adhere to the status of "Must Run" with respect to Renewable energy generating companies and given time extension for Scheduled Commissioning Date for projects under construction. The Group has not experienced any material impact on collection of its receivables from its customers due to the pandemic apart from receivables from DISCOMs which are under litigations. The management does not see any risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Group is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of the unprecedented situation.

32 Subsequent events:

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

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

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements and the related notes thereto of Greenko Energy Holdings ("Parent Guarantor") and the Audited Combined Financial Statements and the related notes thereto of Greenko Dutch B.V. ("Restricted Group"), Greenko 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 2021, our portfolio of assets consisted of (i) 138 operational projects with a combined installed capacity of 5,187.6 MW, comprising 23 operational hydropower projects with a total installed capacity of 489.4 MW, 58 operational wind energy projects with a total installed capacity of 3,172.0 MW, 50 operational solar energy projects with a total installed capacity of 1,447.9 MW and 7 operational thermal projects (which include biomass and gas) with a total installed capacity of 78.3 MW, (ii) 4 projects under construction (excluding two IRESPPs) with a total licensed capacity of 206.5 MW, comprising one wind project with a licensed capacity of 20.0 MW and 3 hydropower projects with a total licensed capacity of 186.5 MW, and (iii) 8 hydropower projects under active development with a total licensed capacity of 417.0 MW. We are also constructing two integrated renewable energy storage projects ("IRESPPs"), 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 IRESPPs 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.

On 2 February 2021, we completed the acquisition of 30.16% shareholding of Teesta Urja Limited ("TUL"). TUL owns and operates a 1,200 MW hydropower project in the state of Sikkim. In the twelve months ended March 31, 2021 ("FY2021"), the project generated 6,044 GWh of power.

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.

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

Significant Recent Growth

We have significantly expanded our installed base of operational projects and we have made a number of acquisitions in recent years 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. (i) On 5 March 2021, we acquired an 873.50 MW wind portfolio from Orix Corporation of which 14.4MW is yet to be commissioned ("Orix Wind projects"), (ii) on 31 March 2021, we acquired a controlling stake in 3 associate companies operating solar projects with an installed capacity of 90 MW (MP Solar entities) and (iii) on 2 February 2021, acquired 30.16% shareholding in Teesta Urja Limited which owns and operates a 1,200 MW hydropower project in the state of Sikkim. 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 2021 and 31 March 2020:

	As of 31 March, 2021	As of 31 March, 2020
	Capacity (MW)*	Capacity (MW)
Operational projects	5,187.6	4,224.1

* excluding stake in Teesta Urja Limited.

In FY2021 and the twelve months ended March 30, 2020 ("FY2020"), we generated 9,744.9 GWh and 9,969.6 GWh of power, respectively. Assets acquired from Orix Corporation are included in our operations from 5 March 2021 and MP Solar entities from 31 March 2021. Accordingly, generation from these acquisitions are not forming part of operations of the Group for full financial year.

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

A key driver of our results of operations is our ability to bring new projects into commercial operation successfully. As of 31 March 2021, we had 4 projects under construction (excluding two IRESPPS) with a total licensed capacity of 206.5 MW, comprising one wind project with a licensed capacity of 20.0 MW and 3 hydropower projects with a total licensed capacity of 186.5 MW. We are also constructing two integrated renewable energy storage projects, 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. We expect these projects to become operational over the next 48 months. Our operating results will, in part, depend upon our ability to transition these projects into commercial operations in accordance with our existing construction budgets and schedules.

Operation of Our Projects

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

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

Power Purchase Agreements

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

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

Capital Expenditure Costs

Demand for qualified labor and components in our industry have increased over the last few years. This has led to increases in the costs of construction and maintenance of power generation projects. Capital expenditure is necessary to construct, maintain and/or improve the operating conditions of our projects and meet 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 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 commissioned on or by 31 March 2017. For solar energy, the tariff is generally determined through a competitive bidding process.

These regulatory initiatives have contributed to demand for clean energy generally and therefore for power generated by our clean energy projects. Regulations also contribute to the revenue received for the power our projects generate. The support for clean energy has been strong in recent years, and the Government of India has periodically reaffirmed its desire to sustain and strengthen that support with a target to achieve 100 GW and 160 GW in commissioned solar and wind projects respectively by 2022. Additional regulatory requirements could contribute to increases in demand for clean energy and/or to increases in power prices. For example, the aim of the Indian Government is for 62% of India's energy requirements to be derived from renewable energy sources by FY2030 and the Renewable Purchase Obligation ("RPO") is one of the regulatory measures implemented to ensure the achievement of this goal.

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

The Ministry of Power pursuant to the order dated January 29, 2021, regularised Hydro Power Obligation ("HPO") in which it revised the trajectory of non-solar renewable purchase obligations ("RPOs") with the objective to add 30,000 MW of hydropower capacity by the year 2029-2030. The HPO is expected to go up to 2.82% by 2029-2030. In case DISCOMs are unable to meet these HPO obligations, they will be required to purchase the corresponding amount of Hydro Energy Certificates ("HEC") capping price of Rs. 5.50 per unit of electrical energy with effect from March 8, 2019 to March 31, 2021 and with annual escalation of 5% thereafter for compliance.

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

Financing Requirements

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

Principal Statement of profit or loss and other comprehensive income items

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

Revenue

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

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 calculated based on the number of electricity 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. GBI benefits are available for a minimum period of four years and a maximum period of 10 years.

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 and plant-related direct expenses.

Employee Benefits Expense

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

Other Operating Expenses

Other operating expenses include office administration, rent for short-term leases, 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.

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

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

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

Impairment of Non-Financial Assets

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

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

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

Depreciation and Amortization

Depreciation in value of tangible assets

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

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

Amortization and impairment in value of intangible assets

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

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

Finance Income

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

Finance Costs

Finance costs comprise interest on borrowings, bank charges, loan restructuring costs, finance cost on derivative instruments and fair value loss on derivative contracts. 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 and also includes excess of our share of the net fair value of the associate's identifiable assets and liabilities over the cost of our investment in case of new investments.

Taxation

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

Results of Operations — Consolidated Financial Statements

Fiscal Year ended March 31, 2021 Compared to Fiscal Year ended March 31, 2020.

On 5 March 2021, we have acquired 100% equity shares of certain Indian subsidiaries (collectively referred as “Orix Wind Projects”) from Orix Corporation. The selected portfolio consists of 873.50 MW operational wind projects of which 14.4MW is yet to be commissioned.

We acquired 49% shareholding in SEI Solarvana Power Private Limited, SEI Sooraj Renewable Energy Private Limited and SEI Sunshine Power Private Limited from SunEdison Group in earlier years (collectively referred as “MP Solar entities”). These entities are operating entities with a capacity of 90 MW. On 31 March 2021, we acquired the balance of the 51% shareholding of these MP Solar entities.

Revenue from operations and loss from the date of acquisition of Orix Wind Projects and MP Solar entities on a combined basis was US\$5.61 million and US\$1.23 million, respectively, for the year ended 31 March 2021. If the acquisitions had occurred on 1 April 2020, the amount of revenue and loss from these entities would have been US\$98.68 million and US\$1.08 million, respectively, for the year ended 31 March 2021.

On 1 May 2019, we acquired control of “Jilesh Power Private Limited” from SunEdison Group (referred as “Jilesh”). The entity is operating entity with a capacity of 45 MW. We had acquired 49% shareholding in earlier years from SunEdison Group and has acquired the balance shareholding during FY2020. Jilesh has been included as a consolidated entity from May 1, 2019 and the share of profit/(loss) have been accounted till May 1, 2019 as an equity accounted investee.

On 31 March 2020, we acquired 100% shareholding of Everest Power Private Limited (“EPPL”). The transaction primarily involved acquisition of 100MW 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 decreased by US\$ 65.9 million, or 10%, to US\$ 594.9 million in FY 2021 from US\$660.9 million in FY 2020. 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, 2021	For the fiscal year ended March 31, 2020
	(US\$ in millions)	
Sale of power	573.4	630.1
Sale of renewable energy certificates	0.1	5.1
Generation Based Incentive	21.4	25.7
Installed capacity at beginning of period (MW)	4,224.1	3,969.5
Installed capacity at end of period (MW)	5,187.6	4,224.1
Generation (GWh)	9,745.0	9,969.6

Generation decreased by 2.3% to 9,745.0 GWh in FY2021 from 9,969.6 GWh in FY2020 primarily on account of low wind in peak season during the year. The capacity of our operational projects increased from 4,224.1 MW as at March 31, 2020 to 5,187.6 MW as at March 31, 2021, primarily from acquisition of Orix Wind Projects and MP Solar entities during the year.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2020
	(US\$ in millions)	
Revenues from wind energy projects	316.1	379.4
Revenues from solar energy projects	201.6	212.3
Revenues from hydropower projects	76.6	67.5
Revenues from thermal projects	0.7	1.6
Total	594.9	660.9

Revenue from wind energy projects decreased by US\$63.3 million, or 16.7%, to US\$316.1 million in FY2021 compared to US\$379.4 million in FY2020 due to low wind in peak season during FY2021. The capacity of our operational wind energy projects increased to 3,172.0 MW as at March 31, 2021 compared to 2,298.5 MW as at March 31, 2020 from new acquisitions. Our wind power projects delivered an average PLF of 24.4% in FY2021 compared to 27.2% in FY2020. The decrease in PLF was mainly on account of low wind in peak season in FY2021 compared to wind availability in FY2020.

Revenue from solar projects decreased by US\$10.7 million, or 5.1%, to US\$201.6 million in FY2021 compared to US\$212.3 million in FY2020. However, in terms of Indian Rupees, there was no significant decrease in revenue from solar energy projects during the year. The capacity of our operational solar energy projects increased to 1,447.9 MW as at March 31, 2021 compared to 1,357.9 MW as at March 31, 2020 from new acquisitions. Our solar projects delivered an average PLF of 24.5% in FY2021 compared to 24.4% in FY2020. Decrease in U.S. dollar terms is on account of average USD/INR conversion rate for the year ended 31 March 2021 is higher than the average USD/INR conversion rate for the year ended 31 March 2020.

Revenue from hydropower projects increased by US\$9.1 million, or 13.4%, to US\$76.6 million in FY2021 compared to US\$67.5 million in FY2020 primarily from EPPL acquisition. The capacity of our operational hydropower energy projects was 489.4 MW as at March 31, 2021 and 489.4 MW as at March 31, 2020. We acquired EPPL on 30 March 2020. Our hydropower projects delivered an average PLF of 44.5% in FY2021 compared to 46.2% in the FY2020.

Revenue from thermal power projects in FY2021 decreased by US\$0.9 million, or 56%, to US\$0.7 million in FY2021 compared to US\$1.6 million in FY2020. Our thermal projects delivered an average PLF of 1.3% in FY2021 compared to 0.7% in FY2020. 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 and recorded revenue of US\$21.4 million in FY2021 compared to US\$25.7 million in FY2020.

Our sales of REC certificates was US\$0.1 million in FY2021 compared to US\$5.1 million in FY2020.

Other operating income

Other operating income was US\$2.5 million in FY 2021 and US\$1.6 million in FY 2020.

Cost of material and power generation expenses

Cost of material and power generation expenses was US\$57.0 million in FY 2021 compared to US\$56.2 million in FY 2020. Cost of material and power generation expenses was 9.6% of revenue in FY 2021 compared to 8.5% of revenue in FY 2020.

Employee benefits expense

Employee benefits expense was US\$61.2 million in FY2021 compared to US\$28.6 million in FY2020. The largest component of employee benefits expense was share-based payments amounting to US\$27.7 million for FY2021. Salaries and wages amounted to US\$28.9 million in FY2021 compared to US\$18.7 million. Salaries and wages 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\$38.6 million in FY2021 compared to US\$24.3 million in FY 2020. Other operating expenses include office administration, rent against short-term leases, 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\$18.9 million in FY2021 compared to US\$9.6 million in FY2020 calculated as per expected credit loss model under simplified approach in accordance with IFRS 9. Increase in allowance for expected credit loss is due to an increase in aged receivables.

Impairment charge on non-financial assets

Impairment charge on non-financial assets was US\$1.9 million in FY2021 compared to US\$7.1 million in FY 2020.

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\$10.8 million in FY2021 in connection with acquisition of control stake in MP Solar entities.

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.

Depreciation and amortization

Depreciation and amortization was US\$194.8 million in FY2021 compared to US\$197.5 million in FY2020. However, in terms of Indian Rupees, depreciation and amortization increased.

Finance income

Finance income was US\$12.4 million in FY2021 compared to US\$82.7 million in FY2020, which was primarily attributable to the fair value gain on derivative contracts amounting to US\$68.4 million in FY2020 against fair value loss in FY2021. Interest on bank deposits was US\$10.3 million in FY2021 compared to US\$14.0 million in FY2020.

Finance costs

Finance costs were US\$405.8 in FY2021 compared to US\$382.8 million in FY2020, which was primarily attributable to interest on our borrowings which increased to US\$ 4,846.1 million as of March 31, 2021 compared to US\$4,167.4 million as of March 31, 2020. We capitalized borrowing costs of US\$38.6 million in FY2021 compared to US\$19.8 million in FY2020. We recognized loan restructuring costs of US\$42.0 million during FY2021 representing the cost of prepayment, notice period interest and unamortized transaction costs attributable to the refinancing of existing debt of Greenko Dutch B.V. Finance costs for FY2021 also include fair value loss on derivative contracts amounting to US\$63.0 million.

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

We recognized share of profit from equity-accounted investees of US\$2.5 million in FY2021 from fair value gain and share of loss from Teesta Urja Limited compared with loss of US\$0.01 million in FY2020 attributable to certain of the entities we acquired as part of SunEdison Acquisition.

Profit/ (loss) before tax

For the reasons discussed above, we earned loss before tax of US\$155.0 million in FY2021 compared to profit of US\$64.8 million in FY2020.

Taxation

Taxation was US\$53.2 million in FY2021 compared to US\$43.4 million in FY2020.

Our subsidiaries in India which are engaged in power generation benefited from a tax holiday from the standard Indian corporate tax in FY2021. 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 2020: 15%) plus applicable surcharge and cess.

Profit/ (loss) for the year

As a result of the foregoing, we had a loss of US\$208.2 million in FY2021 compared to profit of US\$21.5 million in FY2020.

Liquidity and Capital Resources

Overview

As of March 31, 2021, our consolidated bank deposits were US\$ 206.7 million and our cash and cash equivalents were US\$ 558.6 million. Bank deposits aggregating US\$ 102.2 million were restricted as of March 31, 2021.

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, issuance of debt securities 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 and equity infusion 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 borrowings 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, 2022 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, 2021	For the fiscal year ended March 31, 2020
	(US\$ in millions)	
Consolidated Cash Flow Statement		
Net cash from operating activities	388.7	419.8
Net cash used in investing activities	(483.2)	(272.1)
Net cash from/(used in) financing activities	326.5	(13.8)
Cash and cash equivalents at the beginning of the year	322.2	214.4
Cash and cash equivalents at the end of the year	558.6	322.2

Net cash from operating activities

In FY2021, the net cash from operating activities was US\$ 388.7 million. This net cash inflow was primarily attributable to (i) loss before tax of US\$ 155.0 million and positive non-cash adjustment for finance cost of US\$405.8 million and depreciation and amortization of US\$194.8 million, offset by excess of group's interest in the fair value of acquiree's assets and liabilities over cost of US\$10.8 million, (ii) decrease by changes in working capital of US\$71.5 million and (iii) decrease by taxes paid of US\$8.1 million. Changes in working capital primarily comprised an increase in trade and other receivables of US\$112.7 million and an increase in trade and other payables of US\$43.4 million.

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) decrease by changes in working capital of US\$117.6 million and (iii) decrease by 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.

Net cash used in investing activities

In FY2021, our net cash used in investing activities of US\$483.2 million primarily consisted of (i) US\$77.4 million used in purchase of property, plant and equipment, capital expenditure primarily relating to our projects under construction or development and settlement of project vendors (ii) consideration paid for acquisitions made by subsidiaries of US\$33.2 million, (iii) consideration for acquisition of Orix Wind projects and MP Solar entities, net of cash and cash equivalents of US\$323.5 million, (iv) consideration for acquisition of 30.16% shareholding of Teesta Urja Limited with US\$112.1 million, offset by (v) interest received of US\$11.0 million and (vi) amounts refunded by equity-accounted investees US\$39.5 million.

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 and (iv) advances given for purchase of equity of US\$1.4 million, offset by interest received of US\$25.5 million.

Net cash from/(used in) financing activities

In FY2021, our net cash from financing activities of US\$326.5 million was primarily attributable to US\$545.9 million of proceeds from the issue of shares to our shareholders, US\$1,386.9 million of proceeds from borrowings, US\$104.5 million of proceeds from unwinding of derivative contracts, offset in part by US\$1,270.2 million in repayment of borrowings and US\$440.0 million in interest paid including premium paid on derivative contracts and loan reconstructing costs.

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.

Results of Operations — Greenko Investment Company Combined Financial Statements

Fiscal year ended March 31, 2021 (FY2021) Compared to Fiscal year ended March 31, 2020 (FY2020)

As of 31 March 2021, the Restricted Group II portfolio of assets consists of 11 operational projects with a combined installed capacity of 558.2 MW and the same is accounted for 10.8% of the total installed capacity of our operational projects, consisting of 3 operational hydro power projects with a total installed capacity of 128.5 MW (26.3% of the total installed capacity of our operational hydro power projects) and 8 operational wind energy projects with a total installed capacity of 429.7 MW (13.5% of the total installed capacity of our operational wind energy projects).

Revenue

Revenue for the Restricted Group II decreased by 17.1% to US\$80.8 million in the FY 2021 from US\$97.5 million in the FY 2020. The decrease was primarily due to lower realization of tariffs in couple of projects and depreciation of rupee.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
	(US\$ in Millions)	
Sale of power	77.43	93.3
Generation based incentive ("GBI")	3.39	4.2
Installed capacity at beginning of the year (MW)	558.2	502.5
Installed capacity at end of the year (MW)	558.2	538.2
Generation in (Gwh)	1,495.3	1,599.6
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
	(US\$ in Millions)	
Revenues from wind energy projects	60.7	73.3
Revenues from hydro power projects	20.1	24.2

Revenue from the wind power projects of Restricted Group II decreased to US\$60.7 million compared to US\$73.3 million in the previous year. Revenue from the hydro power projects of Restricted Group II in FY 2021 was decreased to US\$20.1 million compared to US\$24.2 million in FY 2020. Generation of the Restricted Group II decreased to 1,495.3 GWh in FY 2021 compared to 1,599.6 GWh in FY 2020. Decrease in revenue from wind energy projects is primarily on account of low wind in peak season during the year.

Power generation expenses

Power generation expenses for the Restricted Group II in FY 2021 was US\$7.4 million compared to US\$9.7 million in FY 2020. Power generation expenses in FY 2021 was 9.1% of revenue compared to 9.9% of revenue in FY 2020.

Employee benefits expense

Employee benefits expense for the Restricted Group II in FY 2021 was US\$3.4 million compared to US\$2.8 million in FY 2020. The largest component of employee benefits expense was salaries and wages, which have generally varied year on year on account of increments and change in head count.

Other operating expenses

Other operating expenses was US\$3.1 million in FY 2021 compared to US\$6.3 million in FY 2020. Other operating expenses include office administration, short-term lease rent, travelling expenses, professional charges, communication, internet, stationery, rates and taxes.

Depreciation and amortization

Depreciation and amortization for the Restricted Group II in FY 2021 was US\$27.4 million compared to US\$28.8 million in FY 2020.

Finance income

Finance income for the Restricted Group II in FY 2021 was US\$1.3 million compared to US\$21.6 million in FY 2020, primarily due to fair value gain on derivative contracts and increase in interest on bank deposits.

Finance cost

Finance cost for the Restricted Group II in FY 2021 was US\$49.9 million compared to US\$41.1 million in FY 2020.

Loss before income tax

Loss before income tax for the Restricted Group II for the FY 2021 was US\$9.2 million compared to Profit before income tax of US\$30.4 million for the FY 2020.

Income tax expense

Income tax expense for the Restricted Group II in the FY 2021 was US\$7.2 million compared to US\$6.8 million in FY 2020.

Loss for the year

As a result of the foregoing, the Restricted Group II's loss for FY 2021 was US\$16.5 million compared to profit of US\$23.6 million for FY 2020.

Liquidity and Capital Resources

Overview

As of March 31, 2021, the Restricted Group II bank deposits were US\$17.5 million and cash and cash equivalents were US\$15.9 million. The Restricted Group II's principal financing requirements are primarily for:

- maintenance and operation of projects;
- funding our working capital needs; and
- general corporate purposes.

We fund the Restricted Group II operations and capital requirements primarily through cash flows from operations. We believe that the cash generated from the Restricted Group II'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 II 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 II.

Cash Flows

Our summarized statement of the Restricted Group II cash flows is set forth below:

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2020
	(US\$ in Millions)	
Net cash generated from operating activities	59.9	70.4
Net cash from/(used in) investing activities	4.0	(71.6)
Net cash used in financing activities	(64.5)	(46.7)
Cash and cash equivalents at the beginning of the year	16.1	65.9
Cash and cash equivalents at the end of the year	15.9	16.1

Net cash flow from operating activities

In FY 2021, the Restricted Group II net cash from operating activities of US\$59.9 million was primarily attributable to adjustments of US\$7.3 million increase in trade and other receivables, US\$1 million decrease in trade and other payables, US\$27.4 million for depreciation and amortization and US\$49.9 million for finance cost.

In FY 2020, the Restricted Group II net cash from operating activities of US\$70.4 million was primarily attributable to adjustments of US\$5.0 million increase in trade and other receivables, US\$0.2 million decrease in trade and other payables, US\$28.8 million for depreciation and amortization and US\$41.1 million for finance cost.

Net cash from investing activities

In FY 2021, the Restricted Group II net cash from investing activities is US\$4 million primarily due to US\$3.1 million from maturity of bank deposits and US\$0.9 million interest received on bank deposits.

In FY 2020, the Restricted Group II net cash used in investing activities of US\$71.6 million primarily to acquisition of business, net of cash acquired of US\$53.4 million, US\$2.9 million in purchase of property, plant and equipment and capital expenditure, US\$16.7 million in investment of bank deposits and US\$1.3 million interest received on bank deposits.

Net cash used in financing activities

In FY 2021, the Restricted Group II net cash used in financing activities of US\$64.5 million was primarily attributable to (i) US\$36.5 million for interest paid (ii) premium paid for derivative contracts of US\$ 13.7 million (iii) US\$14.5 million in repayment of borrowings and offset by US\$0.4 million proceeds from borrowings from unrestricted group.

In FY 2020, the Restricted Group II net cash used in financing activities of US\$46.7 million was primarily attributable to (i) US\$36.0 million for interest paid (ii) premium paid for derivative contracts of US\$ 13.9 million (iii) US\$6.8 million in repayment of borrowings and offset by US\$4.3 million proceeds from borrowings from unrestricted subsidiaries and proceeds from borrowings of US\$5.8 million.