AZURE POWER
RESTRICTED GROUP SPECIAL PURPOSE
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2018

Restricted Group Special Purpose Combined Financial Statements as at March 31, 2018

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Report on Special Purpose Indian Accounting Standards (Ind AS) Combined Financial Statements of Restricted Group

To the Board of Directors of Azure Power Energy Limited ("APEL")

We have audited the accompanying special purpose Ind AS combined financial statements of Restricted Group which consist of Azure Power Energy Limited ("the Company"), a wholly owned subsidiary of Azure Power Global Limited (the "Parent") and certain entities under common control of the Parent, as listed in note 1 to the combined financial statements (collectively known as "the Restricted Group"), which comprise the combined Balance Sheet as at March 31, 2018, the combined Statements of Profit and Loss, the combined Cash Flow Statements and the combined Statement of Changes in Equity for the year ended March 31, 2018 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS combined Financial Statements"). These Special Purpose Ind AS combined Financial Statements have been prepared in accordance with the basis of preparation as set out in note 3 to the Combined Financial Statements.

Management's Responsibility for the Special Purpose Ind AS combined Financial Statements

Management of Company is responsible for the preparation of these Special Purpose Ind AS combined Financial Statements in accordance with the basis of preparation as set out in note 3 to the Special Purpose Ind AS combined Financial Statements. This includes the design, implementation and maintenance of internal control relevant to the preparation of the special purpose Ind AS Combined Financial Statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Special Purpose Ind AS combined Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Ind AS combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special Purpose Ind AS combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Ind AS combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the management's preparation of the Special Purpose Ind AS combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Ind AS combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Special Purpose Ind AS combined Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, these Special Purpose Ind AS combined Financial Statements give a true and fair view of the state of affairs of the Restricted Group as at and for the year ended March 31, 2018 and of the operations and its cash flows for the year ended March 31, 2018, in all material respects, in accordance with the basis of preparation described in Note 3 to these Special Purpose Ind AS combined Financial Statements.

Emphasis of Matter

We draw attention to Note 2 and 3 to the accompanying Special Purpose Ind AS combined Financial Statements, which describes that the Restricted Group has not formed a separate legal group of entities during the year ended March 31, 2018, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the Restricted Group's Special Purpose Ind AS combined financial statements may not necessarily be indicative of the financial performances and financial position of the Restricted Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented. The Special Purpose Ind AS combined Financial Statements has been prepared solely in connection with the Company's compliance with financial reporting requirements under the indenture governing the Senior Notes and is intended solely for the information and use of the Board of Directors of the Company. As a result, the combined financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of above matters.

Other Matters

This report on the special purpose Ind AS condensed combined interim financial statements has been issued solely in connection with the Company's compliance with financial reporting requirements under the indenture governing the Senior Notes and is intended solely for the information and use of the Board of Directors of the Company. It should not be used for any other purpose or provided to other parties.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S. R. BATLIBOI & CO. LLP * GURUGRAM

per Subhabrata Ghosh Dastidar
Partner
Membership Number: 060717
Place of Signature: Gurugram
Date:

Restricted Group
Special Purpose Combined Balance Sheet
(INR amount in millions, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	5	36,405	33,023
Capital work-in-progress	5	507	38
Financial assets	6		
Loans	6.1	2,161	7
Other financial assets	6.2	1	706
Deferred tax assets (net)	17.2	62	43
Income tax assets (net)	7	46	16
Other non-current assets	8	298	688
Total non-current assets		**39,480**	**34,521**
Current assets			
Financial assets	9		
Investment	9.1	242	29
Trade receivables	9.2	1,166	482
Cash and cash equivalents	9.3	1,880	1,599
Other bank balances	9.4	1,234	171
Other current financial assets	9.5	759	406
Other current assets	10	88	120
Total current assets		**5,369**	**2,807**
Total assets		**44,849**	**37,328**
Equity and liabilities			
Equity			
Capital	11	42	29
Other equity		7,485	8,764
Total equity		**7,527**	**8,793**
Non-current liabilities			
Financial liabilities	12		
Borrowings	12.1	31,975	20,148
Other financial liabilities	12.2	331	-
Provisions	13.1	162	149
Deferred tax liabilities (net)	17.1	271	196
Other non-current liabilities	14	1,564	1,384
Total non-current liabilities		**34,303**	**21,877**
Current liabilities			
Financial liabilities	15		
Borrowings	15.1	711	970
Trade payables	15.2	184	141
Other current financial liabilities	15.3	2,018	5,425
Provisions	13.2	-	1
Other current liabilities	16	106	121
Total current liabilities		**3,019**	**6,658**
Total equity and liabilities		**44,849**	**37,328**

Summary of significant accounting policies 4
The accompanying notes are an integral part of the special purpose combined financial statements.

Restricted Group
Special Purpose Combined Statement of Profit and Loss
(INR amount in millions, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue			
Revenue from operations	18	5,350	2,777
Non-operating income	19.2	37	58
Total revenue (I)		**5,387**	**2,835**
Expenses			
Employee benefits expense	20	1	-
Other expenses	23	621	385
Total operating expenses (II)		**622**	**385**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II) - (A)		**4,765**	**2,450**
Depreciation and amortisation expense - (B)	21	2,026	1,138
Interest income - (C)	19.1	236	74
Finance cost – (D)	22	4,141	1,693
Loss before tax (A-B+C-D)		**(1,166)**	**(307)**
Tax expense:			
Current tax expense	17.3	142	3
Deferred tax expense	17.3	21	50
Total tax expense		**163**	**53**
Net loss after tax		**(1,329)**	**(360)**
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Effective Portion of Cash Flow Hedge		247	-
Income tax effect		(37)	-
		210	-
Foreign currency translation reserve		(547)	-
Income tax effect		-	-
Total other comprehensive loss		**(337)**	-
Total comprehensive loss after tax		**(1,666)**	**(360)**
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the special purpose combined financial statements.

Restricted Group
Special Purpose Combined Statement of Cash Flows
(INR amount in millions, unless otherwise stated)

			For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flows from operating activities**			
	Loss before tax		**(1,166)**	**(307)**
	Adjustment to reconcile loss before tax to net cash flows			
	Depreciation/amortisation		2,026	1,138
	Interest income		(226)	(62)
	Change in fair value of option contracts		8	45
	Exchange difference (net)		(28)	(54)
	Leasehold rent		5	-
	Deferred revenue		80	83
	Sale of scrap		(6)	-
	Loss on sale of fixed assets (net)		1	21
	Net gain on sale of current investments		(10)	(12)
	Provision for doubtful debts/advances		1	-
	Finance cost		4,141	1,693
	Operating profit before working capital changes		**4,826**	**2,545**
	Movements in working capital:			
	Increase in trade receivables		(685)	(316)
	Increase in other financial assets		(210)	(200)
	Increase in other-current asset		32	(100)
	Increase in current financial liabilities		31	93
	Increase in trade payables		43	75
	Increase in other non-current liabilities		100	111
	Decrease in other non-current assets		32	-
	Cash generated from operations		**4,169**	**2,208**
	Direct taxes paid (net of refunds)		(175)	(9)
	Net cash flow from operating activities	**(A)**	**3,994**	**2,199**
B	**Cash flows from investing activities**			
	Purchase of property, plant and equipment (including capital work in progress and capital advance)		(8,734)	(12,317)
	Security deposit made		-	(2)
	Interest received		129	43
	Purchase of current investments		(530)	(799)
	Proceeds from sale of current investments		327	783
	Investment in long term deposits with banks		(412)	(1,536)
	Proceeds from long term deposits with banks		-	1,549
	Loan to holding company		(2,174)	-
	Proceeds from repayment of loan to holding company		20	-
	Net cash flow used in investing activities	**(B)**	**(11,374)**	**(12,279)**
C	**Cash flows from financing activities**			
	Proceeds from issue of shares (including securities premium)		244	1,695
	Proceeds from Compulsorily Convertible Debentures		156	964
	Proceeds from short term borrowings from holding/fellow subsidiary companies		331	871
	Repayments of short term borrowings from holding/fellow subsidiary companies		(590)	(35)
	Proceeds from long term borrowings		2,011	11,914
	Proceeds from US$ Senior Notes		31,262	-

Restricted Group
Special Purpose Combined Statement of Cash Flows
(INR amount in millions, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
Repayments of long term borrowings		(23,722)	(2,481)
Proceeds/(repayment) of short term borrowings		-	(371)
Option premium paid		-	(25)
Prepayment charges on repayment of loan		(662)	-
Ancillary cost paid on borrowing		(8)	-
Finance cost		(1,361)	(1,381)
Net cash flow from financing activities	**(C)**	**7,661**	**11,151**
Net increase in cash and cash equivalents	**(A+B+C)**	**281**	**1,071**
Cash and cash equivalents at the beginning of the year		1,599	528
Cash and cash equivalents at the end of the year		**1,880**	**1,599**
Components of cash and cash equivalents			
Balances with banks:			
On current accounts (refer note 9.3)		556	387
On deposits accounts (refer note 9.3)		1,324	1,212
Total cash and cash equivalents		**1,880**	**1,599**

Notes:

1 The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) on "Statement of Cash Flows".

2 The accompanying notes are an integral part of the special purpose combined financial statements.

Restricted Group
Special Purpose Combined Statement of Changes in Equity
(INR amount in millions, unless otherwise stated)

a) Capital: *

Shares (Aggregate of restricted group of entities):	Number of shares	Amount
At April 1, 2016	2,192,399	22
Addition during the year	659,252	7
At March 31, 2017	**2,851,651**	**29**
Addition during the year	12,36,824	14
At March 31, 2018	**40,88,475**	**43**

*Capital represents the aggregate amount of share capital of Restricted Group entities as at the respective year ends does not necessarily represent legal share capital for the purpose of the Restricted Group.

b) Other equity**

For the year ended March 31, 2018:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures (CCD)***	Items of Other Comprehensive Income/(Loss)		Total equity
	Deficit in the combined statement of profit and loss	Securities premium account		Foreign currency translation reserve	Cash flow hedges (refer note 28)	
At April 1, 2017	(1,573)	10,333	4	-	-	**8,764**
Loss for the year	(1,329)	-	-	-	-	**(1,329)**
Securities premium on issue of equity shares and Compulsorily Convertible Debentures during the year	-	386	-	-	-	**386**
Equity component of Compulsorily Convertible Debentures issued during the period	-	-	1	-	-	**1**
Other comprehensive income/(loss)	-	-	-	(547)	210	**(337)**
At March 31, 2018	**(2,902)**	**10,719**	**5**	**(547)**	**210**	**7,485**

(INR amount in millions, unless otherwise stated)

For the year ended March 31, 2017:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures (CCD)***	Items of Other Comprehensive Loss		Total equity
	Deficit in the combined statement of profit and loss	Securities premium account		Foreign currency translation reserve	Cash flow hedges#	
At April 1, 2016	(1,213)	7,685	-	-	-	**6,472**
Loss for the year	(360)	-	-	-	-	**(360)**
Securities premium on issue of equity shares and Compulsorily Convertible Debentures during the year	-	2,648	-	-	-	**2,648**
Equity component of CCDs issued during the year	-	-	4	-	-	**4**
At March 31, 2017	**(1,573)**	**10,333**	**4**	**-**	**-**	**8,764**

** Other equity represents the aggregate amount of share capital of Restricted Group entities as at the respective year ends does not necessarily represent legal share capital for the purpose of the Restricted Group.
*** CCD are issued to the Azure Power India Private Limited, Azure Power Makemake Private Limited and Haeron Power Singapore Pte Limited with coupon rate of 0% and convertible into equivalent number of equity Shares.

(INR amount in millions, unless otherwise stated)

1. General Information

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

As at March 31, 2017, Restricted Group represents certain subsidiaries of Azure Power India Private Limited (APIPL) as mentioned in below table. APEL was incorporated during the year ended March 31, 2018, accordingly, comparative figures for March 31, 2017 does not include balances of APEL.

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

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

Entities	Principal Activity	Country of Incorporation	% Held by Parent	
			March 31, 2018	March 31, 2017
Azure Power Energy Limited	Bond Issuance	Mauritius	100%	-
Azure Power (Punjab) Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power (Haryana) Private Limited	Generation of Solar power	India	96.97%	79.99%
Azure Urja Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Surya Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power (Karnataka) Private Limited	Generation of Solar power	India	100%	100%
Azure Photovoltaic Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power Infrastructure Private Limited	Generation of Solar power	India	100%	71.42%
Azure Power (Raj.) Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Green Tech Private Limited	Generation of Solar power	India	99.99%	99.99%

(INR amount in millions, unless otherwise stated)

Entities	Principal Activity	Country of Incorporation	% Held by Parent	
			March 31, 2018	March 31, 2017
Azure Renewable Energy Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Clean Energy Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Sunrise Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Sunshine Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power Eris Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power Mars Private Limited	Generation of Solar power	India	99.99%	99.99%
Azure Power Pluto Private Limited	Generation of Solar power	India	51.63%	51.63%
Azure Power Thirty Seven Private Limited	Generation of Solar power	India	95.22%	100%

2. Purpose of the special purpose Ind AS combined financial statements

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

3. Basis of preparation

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

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

The Ind AS combined financial statements have been prepared on the accrual and going concern basis and the historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount;

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

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

The non-controlling interest held by outsiders amount to INR 832 million and INR 1,197 million as of March 2018 and March 2017 respectively. Share capital and reserves disclosed in the combined financial statements is not the legal capital and reserves of the Restricted Group and is the aggregation of the share capital and reserves of the individual combining entities. Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

Accordingly, the procedures followed for the preparation of the combined financial statements:
(a) Combined like items of assets, liabilities, equity, income, expenses and cash flows of the combining entities.
(b) Eliminated in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Restricted Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, are eliminated in full).

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

The special purpose Ind AS combined financial statements include the operation of entities in the Restricted Group, as if they had been managed together for the year presented.

Transactions that have taken place with the Unrestricted Group (i.e. other entities which are a part of the Group[1] and not included in the Restricted Group of entities) have been disclosed in accordance of Ind AS 24, *Related Party Disclosures*.

The preparation of financial information in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Restricted Group's accounting policies.

4. Summary of significant accounting policies

a) Current versus non-current classification

The Restricted Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

[1] Group means parent and its subsidiaries

A liability is treated as current when it is:

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

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation/settlement in cash and cash equivalents. The companies have identified twelve months as their operating cycle for classification of their current assets and liabilities.

b) Property, Plant and equipment

Capital work-in-progress, property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Restricted Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Depreciation

As per the legal view obtained by the Restricted Group, it is regulated under the Electricity Act, 2003; accordingly, as per the provision of section 129 of Companies Act 2013, deprecation has to be charged as per the rates notified by the CERC Regulation.

Depreciation on Plant and Machinery is provided using straight-line method at the rate of 5.28% - 7.00% per annum till the period of 12/13 years from the date of commencement of commercial operations as per the applicable CERC/SERC regulations.

After a period of twelve years from the date of commencement of commercial operations, the remaining written down value at the end of the 12th year from the date of commercial operations shall be depreciated over the balance useful life of the asset in the manner prescribed under applicable CERC/SERC Regulations[2].

Depreciation on other fixed assets of Restricted Group is provided as per Part C of Schedule II of the Companies Act, 2013 except in following cases where expected useful life of the assets are different from the corresponding life prescribed as under and the

[2] CERC regulations have estimated the useful life of 25 years

Restricted Group based upon the nature of asset, the operating condition of the asset, the estimated usage of the asset, past history of replacement and anticipated technological changes, believes that this is the best estimate on the basis of actual realization.

Category	Life as per Schedule II	Life considered
Furniture and fittings	10 years	5 years
Buildings	30 years	25 years
Vehicles	8/10 years	5 years

The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Assets individually costing less than INR 5,000 are fully depreciated in the year of acquisition.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment and adjusted prospectively.

d) Capital work in progress ("CWIP")

Capital work-in-progress includes cost of fixed assets that are not ready for use at the balance sheet date.

e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the respective companies under the Restricted Group are lessees

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Restricted Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Restricted Group's general policy (see note 4(f)) on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Restricted Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as expense or income on a straight-line basis with reference to lease terms and other considerations except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing cost includes interest and other cost incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Restricted Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Profit & Loss (FVTPL)

Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. The category applies to the Restricted Group's trade receivables, unbilled revenue, other bank balances, security deposits etc.

Debt instrument at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Restricted Group recognizes interest income, impairment losses and reversals in the statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at fair value through profit and loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Restricted Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instrument included within FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Restricted Group's balance sheet) when:

(a) The contractual rights to receive cash flows from the asset have expired, or
(b) The Restricted Group has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Restricted Group has transferred substantially all the risks and rewards of the asset, or (b) the Restricted Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Restricted Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Restricted Group continues to recognize the asset to the extent of the Restricted Group's continuing involvement in the asset. In that case, the Restricted Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Restricted Group has retained.

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

Impairment of Financial Assets

In accordance with Ind AS 109, the Restricted Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, trade receivables and bank balances
- Financial asset that are debt instruments and are measured as at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Restricted Group follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

The application of simplified approach does not require the Restricted Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Restricted Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that is possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Restricted Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Restricted Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Restricted Group estimates the following provision matrix at the reporting date, except to the individual cases where recoverability is certain:

	Less than or equal to 365 days	**More than 365 days**
Default rate	0%	100%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for financial instruments is described below:

For financial assets measured at amortised cost: ECL is presented as an allowance i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Restricted Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Restricted Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Restricted Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdraft and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

Reclassification of financial assets

The Restricted Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Restricted Group senior management determines change in the business model as a result of external or internal changes which are significant to the Restricted Group's operation. Such changes are evident to external parties. A change in the business model occurs when the Restricted Group either or ceases to perform an activity that is significant to its operations. If the Restricted Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediate next reporting period following the change in the business model. The Restricted Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

In the normal course of business, the Restricted Group uses derivative instruments for the purpose of mitigating the exposure from foreign currency fluctuation risks associated with forecasted transactions denominated in certain foreign currencies and to minimize earnings and cash flow volatility associated with changes in foreign currency exchange rates, and not for speculative trading purposes. These derivative contracts are purchased within the Restricted Group's policy and are with counterparties that are highly rated financial institutions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for effective portion of cash flow hedges.

Contracts designated as Cash Flow Hedge

At the inception of a hedge relationship, the Restricted Group formally designates and documents the hedge relationship to which the Restricted Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Restricted Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Restricted Group evaluates hedge effectiveness of cash flow hedges at the time a contract is entered into as well as on an ongoing basis. The ineffective portion of cash flow hedge is recorded as expense in Statement of Profit and Loss. The cost of effective portion of cash flow hedges is expensed over the period of the hedge contract.

Undesignated contracts

Changes in fair value of undesignated derivative contracts are reported directly in earnings along with the corresponding transaction gains and losses on the items being economically hedged. The Restricted Group enters into foreign exchange currency contracts to mitigate and manage the risk of changes in foreign exchange rates. These foreign exchange derivative contracts were entered into to hedge the fluctuations in foreign exchange rates for recognized balance sheet items such as the Restricted Group's U.S. dollar denominated borrowings. The Restricted Group has not designated the derivative contracts as hedges for accounting purposes. Realized gains (losses) and changes in the fair value of these foreign exchange derivative contracts are recorded in foreign exchange gains (losses), net in the consolidated statements of operations. These derivatives are not held for speculative or trading purposes.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Restricted Group and the revenue can be reliably measured, regardless of when the payment is being made.

Where power purchase agreements or "PPA" include scheduled price changes, revenue is recognized at lower of the amount billed or by applying the average rate to the energy output estimated over the term of the PPA. The determination of the lesser amount is undertaken annually based on the cumulative amount that would have been recognized had each method been consistently applied from the beginning of the contract term. The Restricted Group estimates the total kilowatt hour units expected to be generated over the entire term of the PPA. The contractual rates are applied to this annual estimate to determine the total estimated revenue over the term of the PPA. The Restricted Group then uses the total estimated revenue and the total estimated kilo-watt hours to compute the average rate used to record revenue on the actual energy output supplied. The Restricted Group compares the actual energy supplied to the estimate of the energy expected to be generated over the remaining term of the PPA on a periodic basis, but at least annually. Based on this evaluation, the Restricted Group reassesses the energy output estimated over the remaining term of the PPA and adjusts the revenue recognized and deferred to date. Through March 31, 2018, the adjustments have not been significant. The difference between actual billing and revenue recognized is recorded as deferred revenue.

Sale of Power

Revenue from sale of power is recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, solar energy kilowatts are supplied and collectability is reasonably assured. Revenue is based on the solar energy kilowatts actually supplied to customers (including the solar energy kilowatts supplied and not billed on reporting date) multiplied by the rate per kilo-watt hour agreed to in the respective PPAs. The solar energy kilowatts supplied by the Restricted Group are validated by the customer prior to billing and recognition of revenue.

The Restricted Group records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized as sale of power in proportion to the actual sale of solar energy kilowatts during the period to the total estimated sale of solar energy kilowatts during the tenure of the applicable power purchase agreement pursuant to the revenue recognition policy.

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Restricted Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the Statement of profit or loss.

i) Foreign currencies

The functional currency of APEL is the United States Dollar ("US$") and presentation currency for special purpose Ind AS combined financial statement of Restricted Group is Indian rupees ("INR"). The Restricted Group entities with operations in India use INR as the functional currency. The financial statements of APEL are translated into INR using the exchange rate as of the balance sheet date for assets and liabilities, historical exchange rates for equity transactions and average exchange rate for the year for income and expense items. Translation gains and losses are recorded in accumulated other comprehensive income or loss as a component of other equity

Functional currency is the currency of the primary economic environment in which a respective entity under Restricted Group operates and is normally the currency in which the respective entity under the Restricted Group primarily generates and expends cash.

Transactions in foreign currencies are initially recorded by the Restricted Entities at the functional currency spot rates at the date the transaction first qualifies for recognition

Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

j) Income taxes

Tax expense represents the sum of current tax and deferred tax of Restricted Group.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities by each entity in Restricted Group. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred Tax

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credits and unused tax loss:

- deferred income tax is not recognised on the initial recognition (including MAT) of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates applicable on Restricted Group that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit available) of Restricted Group is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities of respective entities under Restricted Group are offset when they relate to income taxes levied by the same taxation authority and the entities intend to settle their current tax assets and liabilities on a net basis.

In the situations where one or more entities in the Restricted Group are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

k) Provisions

General

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Decommissioning liability

Upon the expiration of a PPA or, if later, the expiration of the lease agreement for solar power plants located on leasehold land, the Restricted Group is required to remove the solar power plant and restore the land. The Restricted Group records a provision for such decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

l) Impairment of non-financial assets

The Restricted Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Restricted Group estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount and the asset is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Restricted Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Restricted Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Restricted Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

m) Contingent assets/liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Restricted Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Restricted Group does not recognize a contingent liability but discloses its existence in the financial statements.

n) Fair Value Measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the notes 31 and 32.

o) Cash and cash equivalents

Cash and cash equivalents in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

p) Events occurring after the Balance Sheet date

Impact of events occurring after the balance sheet date that provide additional information materially effecting the determination of the amounts relating to conditions existing at the balance sheet date are adjusted to respective assets and liabilities.

q) Measurement of EBITDA

The Restricted Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Restricted Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Restricted Group does not include interest income, depreciation, amortisation expense, finance cost and tax expense.

(INR amount in millions, unless otherwise stated)

5. Property, plant and equipment

	Freehold Land**	Plant and Machinery*	Building*	Computer	Capital work in progress*	Total
Gross carrying amount						
At March 31, 2016	**392**	**14,994**	**1,117**	**-**	**2,467**	**18,970**
Additions	655	16,667	1,055	-	15,135	33,512
Disposals/adjustments	-	7	-	-	17,564	17,571
At March 31, 2017	**1,047**	**31,654**	**2,172**	**-**	**38**	**34,911**
Additions	181	4,820	403	4	5,696	11,104
Disposals/adjustments	-	-	-	-	5,227	5,227
At March 31, 2018	**1,228**	**36,474**	**2,575**	**4**	**507**	**40,788**
Accumulated Depreciation/Amortisation						
At March 31, 2016	**-**	**678**	**35**	**-**	**-**	**713**
Charge for the year	-	1,084	53	-	-	1,137
Disposals/adjustments	-	-	-	-	-	-
At March 31, 2017	**-**	**1,762**	**88**	**-**	**-**	**1,850**
Charge for the year	-	1,934	92	-	-	2,026
Disposals/adjustments	-	-	-	-	-	-
At March 31, 2018	**-**	**3,696**	**180**	**-**	**-**	**3,876**
Net block						
At March 31, 2018	**1,228**	**32,778**	**2,395**	**4**	**507**	**36,912**
At March 31, 2017	**1,047**	**29,892**	**2,084**	**-**	**38**	**33,061**

* Addition during the year includes expenditure during construction period (refer note 30)
** Addition during the year includes provisional capitalisation of land of INR 44 million as at March 31, 2018 (INR 26 million as at March 31, 2017) (refer note 15.3)

Property, plant, and equipment as at March 31, 2017 was subject to a first charge to secure the term loans taken by the Restricted Group (refer note 12.1). During the year, pursuant to repayment of term loan by the Restricted Group entities, charges have been released.

(INR amount in millions, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
6. Non-current financial assets		
6.1 Loans		
(Unsecured, considered good)		
Carried at amortised cost		
Security deposits	7	7
Loans to holding company (refer note 24)	2,154	-
Total	**2,161**	**7**
6.2 Other financial assets		
Carried at amortised cost		
Term deposits*	1	652
Interest accrued on term deposits	-	54
Total	**1**	**706**

Azure Power (Punjab) Private Limited

***Wells Fargo Bank, USA**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 30 million).	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Azure Power (Haryana) Private Limited

***Axis Bank**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 100 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Further, the entity has also balance of Rs. 0.27 million as at March 31, 2018 (March 31, 2017: 0.27 million) as fixed deposit for bank guarantee issued to statutory authorities.

Azure Surya Private Limited

***Central Bank of India (CBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 44 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Azure Power (Karnataka) Private Limited

***Central Bank of India (CBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 44 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Azure Power Infrastructure Private Limited

***State Bank of India (SBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 79 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Azure Green Tech Private Limited

***Central Bank of India (CBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 39 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Azure Clean Energy Private Limited

(INR amount in millions, unless otherwise stated)

***Central Bank of India (CBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 79 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

<u>Azure Sunshine Private Limited</u>

***Central Bank of India (CBI)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 39 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

<u>Azure Power Eris Private Limited</u>

***Industrial Development Bank of India (IDBI Bank)**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 25 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Further, the entity has also balance of Rs. 0.4 million as at March 31, 2018 (March 31, 2017: 0.4 million) as fixed deposit for bank guarantee issued to statutory authorities.

<u>Azure Power Pluto Private Limited</u>

***Yes Bank**

Balance of INR – Nil as at March 31, 2018 (March 31, 2017: INR 168 million)	Represents an amount to be used for treating as Debt-Service Reserve account for its outstanding foreign currency loan.

Further, the entity has also balance of Rs. 0.1 million as at March 31, 2018 (March 31, 2017: 0.1 million) as fixed deposit for bank guarantee issued to statutory authorities.

(INR amount in millions, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
7. Income tax assets (net)		
Advance income-tax (net of provision for tax)	46	16
Total	**46**	**16**
8. Other non-current assets		
(Unsecured, considered good)		
Advance to vendors/suppliers	49	-
Capital advances - Unsecured considered good (refer note 24)	119	465
Capital advances – Doubtful	1	1
Deferred financing cost	-	55
Prepayments - land use rights	107	113
Prepayments - others	22	52
Balance with statutory / government authorities	1	3
	299	**689**
Provision for doubtful advances	(1)	(1)
Total	**298**	**688**
9. Current financial assets		
(Carried at amortised cost, unless stated otherwise)		
9.1 Investments		
(Carried at fair value through profit and loss)		
Investments in Debt Mutual Funds (quoted)	242	29
Total	**242**	**29**
9.2 Trade receivables		
Trade receivables	1,166	482
Total	**1,166**	**482**
Break-up for trade receivables:		
From others		
Unsecured, considered good	1,166	482
Unsecured, considered doubtful	43	43
	1,209	**525**
Provision for doubtful receivables	43	43
Total trade receivables	**1,166**	**482**
9.3 Cash and cash equivalents		
Balances with banks:		
On current accounts	556	387
Deposits with original maturity of less than 3 months	1,324	1,212
Total	**1,880**	**1,599**

(INR amount in millions, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
9.4 Other bank balances		
- Deposits with original maturity for more than 3 months but less than 12 months	1,234	171
Total	**1,234**	**171**
9.5 Other current financial assets		
Carried at amortised cost		
Interest accrued on term deposits	49	10
Interest accrued on loans and advances to holding company (refer note 24)	112	-
Viability gap funding receivable	6	3
Unbilled revenue	592	385
Carried at fair value through profit or loss		
Derivative assets	-	8
Total	**759**	**406**
10. Other current assets		
Balance with statutory/government authorities	1	1
Prepayments – others	31	28
Prepayments - land use rights	5	5
Other advances	-	2
Advance to vendors/suppliers	51	84
Total	**88**	**120**
11. Capital*		
Issued, subscribed and fully paid-up share capital (Aggregate of restricted group of entities):	42	29
Total	**42**	**29**

*Capital represents the aggregate amount of share capital of Restricted Group entities as at the respective year ends does not necessarily represent legal share capital for the purpose of the Restricted Group.

(INR amount in millions, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
12. Non-current financial liabilities				
12.1 Non-current borrowings	**Non-current portion**		**Current maturities**	
At amortised cost				
Term loans (secured)				
- Foreign currency loan from financial institutions*	-	1,145	-	174
- From bank**	-	7,257	-	276
- From financial institutions***	-	11,746	-	674
Bond (secured)				
- US$ Senior Notes	31,975	-	-	-
Total long-term borrowings	**31,975**	**20,148**	-	**1,124**
Amount disclosed under the head “Other current financial liabilities” (refer note 15.3)	-	-	-	1,124
Total	**31,975**	**20,148**	**-**	**-**

US$ Senior Notes

During August 2017, the APEL issued 5.5% US$ denominated Senior Notes (“5.5% Senior Notes” or “Green Bonds”) and raised INR 31,260 million net of a discount on issue of INR 9 million at 0.03% and issuance expense of INR 586 million. The discount on issuance of the Green Bonds and the issuance expenses have been recorded as finance cost, using the effective interest rate method and the unamortized balance of such amounts is netted with the carrying value of the Green Bonds. The Green Bonds are listed on the Singapore Exchange Securities Trading Limited (SGX-ST). In accordance with the terms of the issue, the proceeds were used for repayment of existed loans of respective Restricted Group entities. The interest on the US$ Senior Notes are payable on a semi-annual basis and the principal amount is payable in November 2022. As of March 31, 2018, the unamortized balance of issuance expenses including the discount on issuance of Green Bonds was INR 549 million and the net carrying value of the Green Bonds as on March 31, 2018 was INR 31,975 million. The Parent has guaranteed the principal and interest repayments to the investors and the guarantee shall become ineffective on meeting certain financial covenants. The Green Bonds are secured by a pledge of Azure Power Global Limited’s shares.

Term loans (secured)

	Particulars	Terms of repayment and security
a)	**Azure Power (Punjab) Private Limited**	
	***Overseas Private Investment Corporation (OPIC) (Foreign currency loan)**	Loan was secured by mortgage of the leasehold improvement and movable/immovable asset. The effective interest rate of the term loan was 6.72% per annum.
	Interest Rate 2.25% per annum over OPIC's cost of funds, which was 4.22%	Net carrying amount as on March 31, 2017 was INR 201 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

(INR amount in millions, unless otherwise stated)

b) Azure Power (Haryana) Private Limited

***Overseas Private Investment Corporation (OPIC) (Foreign currency loan)**	Loan was secured by mortgage of the movable/ immovable properties and assets. The effective interest rate of the term loan was 6.46% p.a.
Interest Rate 2.00% per annum over OPIC's cost of funds, which was 4.26%	Net carrying amount as on March 31, 2017 was INR 1,117 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

c) Azure Urja Private Limited

*****L&T (**Refinance from **PTC India Financial Services Limited** during 2016-17**)**	The loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The above loan was secured by equitable charge on movable assets. The effective interest rate of the term loan was 11.33% per annum. Ancillary cost of loan taken from PTC India Financial Services Limited had been fully amortised in Statement of Profit and Loss.
Interest Rate 10.73% per annum	Net carrying amount as on March 31, 2017 was INR 1,666 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

d) Azure Surya Private Limited

*****PTC India Financial Services Limited (PFS)**	Loan was secured by first charge on entity's movable properties and exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 12.59% per annum.
Interest Rate 11.25% per annum	Net carrying amount as on March 31, 2017 was INR 491 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

e) Azure Power (Karnataka) Private Limited

*****PTC India Financial Services Limited (PFS)**	Loan was secured by first charge on entity's movable and immovable properties. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 11.62 % p.a.
Interest Rate 11.25% per annum	Net carrying amount as on March 31, 2017 was INR 534 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

f) Azure Photovoltaic Private Limited

(INR amount in millions, unless otherwise stated)

*****International Finance Corporation (IFC)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.90% p.a.
Interest Rate 11.42 % per annum	Net carrying amount as on March 31, 2017 was INR 400 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 184 million for solar power projects.

*****PTC India Financial Services Limited (PFS)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.33% p.a.
Interest Rate 11.75 % per annum	Net carrying amount as on March 31, 2017 was INR 185 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 116 million for solar power projects.

*****India Infrastructure Finance Company Limited (IIFCL)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 10.75 % p.a.
Interest Rate 10.35 % per annum	Net carrying amount as on March 31, 2017 was INR 284 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 186 million for solar power projects.

*****Rural Electrification Corporation Limited (RECL)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 10.43 % p.a.
Interest Rate 10.35 % per annum	Net carrying amount as on March 31, 2017 was INR 381 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 233 million for solar power projects.

g) Azure Power Infrastructure Private Limited

****State Bank of India (SBI)**	The loan was secured by equitable charge on movable and immovable assets. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 11.95% p.a.
Interest Rate 10.95% per annum	Net carrying amount as on March 31, 2017 was INR 2,548 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

(INR amount in millions, unless otherwise stated)

	As of March 31, 2017, the entity had unused commitments for long-term financing arrangements amounting to INR 38 million for solar power projects.

h) Azure Power (Raj.) Private Limited

*****International Finance Corporation (IFC)** Interest Rate 11.42 % per annum	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.93% p.a. Net carrying amount as on March 31, 2017 was INR 398 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 184 million for solar power projects.
*****PTC India Financial Services Limited (PFS)** Interest Rate 11.75 % per annum	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.33% p.a. Net carrying amount as on March 31, 2017 was INR 189 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 182 million for solar power projects.
*****India Infrastructure Finance Company Limited (IIFCL)** Interest Rate 10.35 % per annum	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 10.73 % p.a. Net carrying amount as on March 31, 2017 was INR 297 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 172 million for solar power projects.
*****Rural Electrification Corporation Limited (RECL)** Interest Rate 10.35 % per annum	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 10.43 % p.a. Net carrying amount as on March 31, 2017 was INR 387 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for above long-term financing arrangements amounting to INR 225 million for solar power projects.

(INR amount in millions, unless otherwise stated)

i) Azure Power Green Tech Private Limited

****Central Bank of India (CBI)**	The loan was secured by underlying solar project assets under construction. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company and personal guarantee of non-executive directors of the company. The effective interest rate of the term loan was 12.51 % p.a.
Interest Rate 12.25 % per annum with additional 1% p.a. interest during construction period.	Net carrying amount as on March 31, 2017 was INR 1,178 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

*****Indian Renewable Energy Development Agency Limited (IREDA)**	
Interest Rate 12.25 % per annum with additional 1% p.a. interest during construction period.	Net carrying amount as on March 31, 2017 was INR 639 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. The loan was secured by underlying solar project assets under construction. The effective interest rate of the term loan was 13.07 % p.a.

j) Azure Renewable Energy Private Limited

*****Indian Renewable Energy Development Agency Limited (IREDA)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 11.12% p.a.
Interest Rate 10.75 % per annum	Net carrying amount as on March 31, 2017 was INR 370 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for long-term financing arrangements amounting to INR 74 million for solar power projects.

k) Azure Power Clean Energy Private Limited

*****Indian Renewable Energy Development Agency Limited (IREDA)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.87% p.a.
Interest Rate 12.25 % per annum with additional 1% p.a. interest during construction period.	Net carrying amount as on March 31, 2017 was INR 624 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

*****International Finance Corporation (IFC)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.34% p.a.

(INR amount in millions, unless otherwise stated)

Interest Rate 11.76 % per annum	Net carrying amount as on March 31, 2017 was INR 749 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

*****India Infrastructure Finance Company Limited (IIFCL)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.42% p.a.
Interest Rate 12.25 % per annum	Net carrying amount as on March 31, 2017 was INR 303 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

l) Azure Power Sunshine Private Limited

*****Indian Renewable Energy Development Agency Limited (IREDA)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 13.12% p.a.
Interest Rate 12.25 % per annum with additional 1% p.a. interest during construction period.	Net carrying amount as on March 31, 2017 was INR 312 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

****Central Bank of India (CBI)**	The loan was secured by underlying solar project assets under construction. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company and personal guarantee of non-executive directors of the company. The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. The effective interest rate of the term loan was 12.51% p.a.
Interest Rate 12.25 % per annum with additional 1% p.a. interest during construction period.	Net carrying amount as on March 31, 2017 was INR 575 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.

m) Azure Power Eris Private Limited

****Industrial Development Bank of India (IDBI)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding Company. The effective interest rate of the term loan was 12.86% p.a.
Interest Rate 12.00 % per annum	Net carrying amount as on March 31, 2017 was INR 442 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for long-term financing arrangements amounting to INR 51 million for solar power projects.

n) Azure Power Mars Private Limited

(INR amount in millions, unless otherwise stated)

	*****Indian Renewable Energy Development Agency Limited (IREDA)**	The loan was secured by mortgage of immovable properties, hypothecation of movable assets, pledge of 51% of shares of project company till the currency of IREDA loan and corporate guarantee of Azure Power India Private Limited, promoter of borrower till repayment of 30% of IREDA loan amount or 3 years from date of commissioning, whichever was later. The effective interest rate of the term loan was 11.72% p.a.
	Interest Rate 11.40 % per annum	Net carrying amount as on March 31, 2017 was INR 233 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.
o)	**Azure Power Pluto Private Limited**	
	****Yes Bank**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 11.87% p.a.
	Interest Rate 11.25 % per annum	Net carrying amount as on March 31, 2017 was INR 1,883 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.
	*****Power Finance Corporation (PFC) (Refinanced from YES Bank)**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 10.50% p.a.
	Interest Rate 10.50 % per annum	Net carrying amount as on March 31, 2017 was INR 3,980 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds.
p)	**Azure Power Thirty Seven Private Limited**	
	****Indusind Bank**	The loan was secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future. Further, the loan had been guaranteed by the corporate guarantee of Azure Power India Private Limited, the holding company. The effective interest rate of the term loan was 12.65% p.a.
	Interest Rate 10.90 % per annum	Net carrying amount as on March 31, 2017 was INR 907 million. The loan has been repaid during the year ended March 31, 2018 from Green Bond proceeds. As of March 31, 2017, the entity had unused commitments for long-term financing arrangements amounting to INR 3,610 million for solar power projects.

(INR amount in millions, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
12.2 Other non-current financial liabilities		
Financial liabilities at fair value through other comprehensive income (OCI)		
Derivative liability	331	-
Total	**331**	**-**
13. Provisions		
13.1 Non-current		
Provision for decommissioning liabilities*	162	149
Total	**162**	**149**

*Provision has been recognised for decommissioning costs associated with solar power plants being constructed on leasehold lands. The respective entities under Restricted Group are under an obligation to decommission the plant at the expiry of the lease term before handing over the leasehold lands to the lessors.

13.2 Current		
Provision for income tax	-	1
Total	**-**	**1**
14. Other non-current liabilities		
Deferred viability gap funding income	996	896
Deferred revenue	568	488
Total	**1,564**	**1,384**
15. Current financial liabilities		
(Carried at amortised cost)		
15.1 Current borrowings		
Unsecured		
Loans from holding company (refer note 24)	696	855
Loans from fellow subsidiary (refer note 24)	15	115
Total	**711**	**970**
15.2 Trade payables		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	143	141
Trade payables to related parties (refer note 24)	41	-
Total	**184**	**141**
15.3 Other current financial liabilities		
Other financial liabilities at amortised cost		
Current maturities of long-term borrowing (refer note 12.1)	-	1,124
Interest accrued and due on borrowings	-	178
Interest accrued but not due on borrowings	1,192	-
Interest accrued and not due on borrowings from fellow subsidiary company (refer note 24)	13	9
Interest accrued and not due on borrowings from holding company (refer note 24)	301	220

(INR amount in millions, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
Contractually reimbursable expenses to holding company (refer note 24)	149	101
Maintenance fees accrued and due on borrowings	-	1
Other payables	-	1
Payable for purchase of fixed assets to related parties (refer note 24)	319	3,791
Payable for purchase of fixed assets – others (refer note 5)	44	-
Total	**2,018**	**5,425**

16. Other current liabilities

Statutory dues	27	41
Deferred viability gap funding income (VGF)	79	80
Total	**106**	**121**

(INR amount in millions, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
17.1 Deferred tax liabilities (net)		
Deferred tax liabilities	271	196
Total	**271**	**196**
17.2 Deferred tax assets (net)		
Deferred tax assets	62	43
Total	**62**	**43**

17.3 Reconciliation of deferred tax asset/(liabilities)

	As at April 01, 2016	Provided during the year	As at March 31, 2017	Provided during the year	As at March 31, 2018
Deferred tax asset:					
Difference between revenue under tax and recorded for financial reporting	126	67	193	23	216
Depreciation on Asset Retirement Obligation (ARO)	21	31	52	(5)	47
Carried forward losses under Income tax	-	-	-	45	45
Gross deferred tax asset (A)	**147**	**98**	**245**	**63**	**309**
Deferred tax liability:					
Difference between tax depreciation/ amortisation charged for the financial reporting	250	147	397	84	481
Gross deferred tax liability (B)	**250**	**147**	**397**	**84**	**481**
Deferred tax asset/(liability) (net) (B - A)	**(103)**	**(49)**	**(152)**	**(21)**	**(172)**
Deferred tax liability recognised in Other Comprehensive Income	-	-	-	37	37
Deferred tax asset/(liability) (net) after OCI	**(103)**	**(49)**	**(152)**	**(58)**	**(209)**

The Restricted Group follows Indian Accounting Standard (Ind AS-12) “Income Taxes”, notified by the Companies (Accounts) Rules, 2015. For the entities under Restricted Group that are eligible for Tax holiday benefits under Section 80-IA of the Income Tax Act, Deferred tax asset has not been created on brought forward losses and unabsorbed depreciation at the year-end, since it is not reasonably certain whether these entities would be able to realise such losses outside the tax holiday period.

(INR amount in millions, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

		For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting loss before income tax		**(1,167)**	**(307)**
India's statutory income tax rate		29.12%	34.61%
Tax at applicable tax rate	**(A)**	**(340)**	**(106)**
Tax effect of expenses that are not deductible in determining taxable profit:			
Carried forward losses as reversing in the tax holiday period		349	367
Permanent difference disallowed under Income Tax Act		227	9
Difference in WDV not considered for deferred tax purpose		(138)	(196)
Effect of Tax of APEL (Mauritius entity)		55	-
	(B)	**493**	**180**
Tax effect of income that are not taxable in determining taxable profit:			
Brought forward losses adjusted		(12)	(20)
Others		(1)	(1)
	(C)	**(13)**	**(21)**
Impact of Change in Income tax rates	**(D)**	**23**	**-**
Total tax expense	**(A+B+C+D)**	**163**	**53**
Component of Tax Expenses-			
Current tax expense		142	3
Deferred tax expense		21	50
Total tax expense		**163**	**53**

(INR amount in millions, unless otherwise stated)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
18. Revenue from operations			
Sale of power		5,261	2,699
Other operating revenues			
Viability gap funding income		89	78
Total		**5,350**	**2,777**
19. Other income			
19.1 Interest income on			
- Term deposits*		99	62
- Loan to holding company* (refer note 24)		125	-
- Refund of income tax		2	-
Net gain on sale of current investments		10	12
Total	**(A)**	**236**	**74**
***Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss**			
In relation to financial assets classified at amortised cost		224	62
Total		**224**	**62**
19.2 Non-operating income			
Sale of scrap		6	-
Exchange difference (net)		28	54
Miscellaneous income		3	4
Total	**(B)**	**37**	**58**
Total other income	**(A+B)**	**273**	**132**
20. Employee benefits expense			
Salaries, wages and bonus		1	-
Total		**1**	**-**
21. Depreciation and amortisation expense			
Depreciation of tangible assets		2,026	1,138
Total		**2,026**	**1,138**
22. Finance cost (refer note 30)			
Interest expenses on			
- US$ Senior Notes**		1,624	-
- Term loans** #		1,525	1,670
- Loan from holding/fellow subsidiary** (refer note 24)		314	11
Other finance costs		12	5
Prepayment charges on repayment of term loan ##		662	-
Other borrowing costs		4	7
Total		**4,141**	**1,693**

Restricted Group entities have written off INR 522 million towards ancillary cost of borrowings during 2017-18.

Restricted Group entities incurred prepayment charges of INR 662 million towards repayment of term loans form bank/financial institution.

(INR amount in millions, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
****Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss**		
In relation to Financial liabilities classified at amortised cost	3,463	1,681
Total	**3,463**	**1,681**
23. Other expenses (refer note 30)		
Power and fuel	-	3
Rent	54	18
Rates and taxes	18	2
Insurance	23	14
Repair and maintenance		
-Plant and machinery	17	3
Travelling and conveyance	4	2
Legal and professional fees	62	30
Payment to auditor (refer details below)	10	6
Operation and maintenance fees (refer note 24)	409	209
Change in fair value of option contracts	8	45
Provision for doubtful debts	1	-
Incentive to rooftop owners	10	8
Loss on sale of fixed assets (net)	1	21
Miscellaneous expenses	4	24
Total	**621**	**385**
Payment to Auditor:		
As auditor:		
- Audit fees	10	6
In other capacity		
- Reimbursement of expenses	-	-
Total	**10**	**6**

24. Related party disclosures:

Related parties where control exists:

Parent Company:	Azure Power Global Limited*
Holding Company of Azure Power Energy Limited:	Azure Power Global Limited
Holding Company of Restricted Group entities:	
Azure Power (Punjab) Private Limited	Azure Power India Private Limited
Azure Power (Haryana) Private Limited	Azure Power India Private Limited
Azure Urja Private Limited	Azure Power India Private Limited
Azure Surya Private Limited	Azure Power India Private Limited
Azure Power (Karnataka) Private Limited	Azure Power India Private Limited
Azure Photovoltaic Private Limited	Azure Power India Private Limited
Azure Power Infrastructure Private Limited	Azure Power India Private Limited
Azure Power (Raj.) Private Limited	Azure Power India Private Limited
Azure Green Tech Private Limited	Azure Power India Private Limited
Azure Renewable Energy Private Limited	Azure Power India Private Limited
Azure Clean Energy Private Limited	Azure Power India Private Limited
Azure Sunrise Private Limited	Azure Power India Private Limited
Azure Sunshine Private Limited	Azure Power India Private Limited
Azure Power Eris Private Limited	Azure Power India Private Limited
Azure Power Mars Private Limited	Azure Power India Private Limited
Azure Power Pluto Private Limited	Azure Power India Private Limited
Azure Power Thirty Seven Private Limited	Azure Power India Private Limited
Key managerial personnel:	Mr. Inderpreet S Wadhwa (Director)
	Mr. H.S. Wadhwa (Director)
	Mr. Sanjeev Aggarwal (Director)
	Mr. Surendra Kumar Gupta (Director)
	Mr. Ik Pyo Kim (Director)
	Mr. Preet Mohinder Sandhu (Director)
	Mr. Mohor Sen (Director)
	Mr. Sanjeev Bhatia (Director)
	Mr. Khalid Peyrye (Director)
	Mr. Eric Ng Yim On (Director)
Entities having significant influence	
Azure Power Pluto Private Limited	Hanwha Energy Corporation Singapore Pte. Ltd.

Related parties with whom transactions have taken place during the year:

Holding company of Restricted Group entities:	Azure Power India Private Limited
Fellow subsidiary company:	Azure Solar Private Limited
	Azure Power (Rajasthan) Private Limited
	Azure Power Makemake Private Limited
	Azure Power Uranus Private Limited
	Azure Power Venus Private Limited
	Azure Power Thirty Six Private Limited
	Azure Power Forty Three Private Limited

(INR amount in millions, unless otherwise stated)

Following transactions were carried out with related parties in the ordinary course of business:

1. Transactions during the year:

Nature of transaction	**Holding / Parent company**		**Fellow subsidiary company**	
	For the year ended March 31, 2018	**For the year ended March 31, 2017**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
a) Expenditure incurred on behalf of companies by				
Azure Power India Private Limited	310	231	-	-
b) Share capital issued (including Security Premium)				
Azure Power India Private Limited	228	1,460	-	-
Azure Power Makemake Private Limited	-	-	-	221
Azure Power Global Limited**	2	-	-	-
c) Purchase of capital goods				
Azure Power India Private Limited	5,332	14,534	-	-
d) Operation and maintenance services received (including service tax/GST)				
Azure Power India Private Limited	409	209	-	-
e) Net advance given to holding company				
Azure Power India Private Limited	1,268	6,509	-	-
f) Loan given				
Azure Power India Private Limited	2,174	-	-	-

(INR amount in millions, unless otherwise stated)

Nature of transaction	Holding / Parent company		Fellow subsidiary company	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
g) Repayment of loan given				
Azure Power India Private Limited	20	-	-	-
h) Interest income				
Azure Power India Private Limited	125	-	-	-
i) Short term borrowing taken				
Azure Power India Private Limited	331	756	-	-
Azure Solar Private Limited	-	-	-	80
Azure Power (Rajasthan) Private Limited	-	-	-	20
Azure Power Forty Three Private Limited	-	-	-	15
j) Repayment of Short term borrowing				
Azure Power India Private Limited	488	35	-	-
Azure Solar Private Limited	-	-	80	-
Azure Power (Rajasthan) Private Limited	-	-	20	-
k) Interest expense				
Azure Power India Private Limited	309	258	-	-
Azure Solar Private Limited	-	-	2	8
Azure Power (Rajasthan) Private Limited	-	-	1	2
Azure Power Forty Three Private Limited	-	-	2	-

Restricted Group
Notes to special purpose combined financial statements
(INR amount in millions, unless otherwise stated)

Nature of transaction	Holding / Parent company		Fellow subsidiary company	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
l) Outstanding guarantee given by holding company on our behalf				
Azure Power India Private Limited	-	13,883	-	-
*** USS$ Senior Notes issued by APEL are guaranteed by parent company i.e. Azure Power Global Limited**				
**** 250 shares of USD 100 each**				

(INR amount in millions, unless otherwise stated)

2. Balances outstanding at the end of the year

Nature of transaction	Holding / Parent company		Fellow subsidiary company	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
a). Receivable				
Azure Power India Private Limited	119	456	-	-
b). Payables				
Azure Power India Private Limited	149	3,672	-	-
c). Payable for purchase of fixed asset				
Azure Power India Private Limited	319	231	-	-
d). Short term borrowing				
Azure Power India Private Limited	696	855	-	-
Azure Solar Private Limited	-	-	-	80
Azure Power (Rajasthan) Private Limited	-	-	-	20
Azure Power Forty Three Private Limited	-	-	15	15
e). Interest payable				
Azure Power India Private Limited	301	238	-	-
Azure Solar Private Limited	-	-	9	7
Azure Power (Rajasthan) Private Limited	-	-	2	2
Azure Power Forty Three Private Limited	-	-	2	-

(INR amount in millions, unless otherwise stated)

Nature of transaction	Holding / Parent holding company		Fellow subsidiary company	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
f). Loans given				
Azure Power India Private Limited	2,154	-	-	-
g). Interest income receivable on loan given				
Azure Power India Private Limited	112	-	-	-
h). Operation and maintenance payable				
Azure Power India Private Limited	41	26	-	-
i). Outstanding guarantee given by holding company on our behalf				
Azure Power India Private Limited	-	25,790	-	-

(INR amount in millions, unless otherwise stated)

25. Segment information

The Restricted Group primarily is carrying out business activities relating to generation of electricity through non-conventional and renewable sources (refer Note 1) which according to the management, is considered as the only business segment. Accordingly, no separate segmental information has been provided herein. The Restricted Group entities' principal operations, revenue and decision making functions are located in India and there are no revenue and non-current assets outside India.

A. Information about revenue from major customers which is included in revenue:

Particulars	**Revenue from external customers**	**Revenue from external customers**
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
Revenue from Operations		
Bangalore Electricity Supply Company (BESC)	115	120
Bihar State Power (Holding) Company	87	68
Chamundeshwari Electricity Supply Corporation Limited (CESC)	515	5
Gujarat UrjaVikas Nigam Limited (GUVNL)	154	159
Gulbarga Electricity Supply Corporation Ltd, Kalaburgi	416	2
Hubli Electricity Supply Company Limited (HESCOM)	408	4
NTPC Vidyut Vyapar Nigam Limited (NVVN)	58	55
Punjab State Power Corporation Limited	1,297	257
Punjab State Power Corporation Ltd (PSEB)	376	377
Punjab State Power Corporation Ltd, Patiala (PSPCB)	88	68
Solar Energy Corporation of India	1,081	1,058
Southern power Distribution company of Andhra Pradesh (DISCOM)	497	483
Uttar Pradesh Power Corporation Ltd	118	121
NTPC Limited	140	-
Total	**5,350**	**2,777**

B. Revenue from major products and services

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Sale of Power	5,261	2,699
Viability gap funding income	89	78
Total	**5,350**	**2,777**

(INR amount in millions, unless otherwise stated)

26. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Micro, Small and Medium Enterprises have been identified by management of the Restricted Group entities from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 is as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
Principal amount due to micro and small enterprises	Nil	Nil
Interest due on above	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

27. Commitments and contingencies

a) Commitments

The entities of Restricted Group have entered in to Power Purchase Agreement (PPA) with following parties:

Name of Authority	Agreement date	Rate	Period	Capacity (in megawatt)
Gujarat Urja Vikas Nigam Limited (GUVNL)	30-Apr-10	15 kw/h - 1 to 12 Years 5 kw/h - 13 to 25 Years	25 Years	5
Gujarat Urja Vikas Nigam Limited (GUVNL)	30-Apr-10	15 kw/h - 1 to 12 Years 5 kw/h - 13 to 25 Years	25 Years	5
NTPC Vidyut Vyapar Nigam Limited (NVVN)	15-Oct-10	17.91 kw/h	25 Years	2
Punjab State Power Corporation Ltd (PSEB)	27-Dec-13	7.67 kw/h	25 Years	15
Punjab State Power Corporation Ltd (PSEB)	27-Dec-13	7.97 kw/h	25 Years	15
Punjab State Power Corporation Ltd (PSEB)	27-Dec-13	8.28 kw/h	25 Years	4
Uttar Pradesh Power Corporation Ltd	27-Dec-13	8.99/kwh	12 Years	10
Bangalore Electricity Supply Company (BESC)	18-Jan-14	7.47 kw/h	25 Years	10
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years	40
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years	20
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years	40

(INR amount in millions, unless otherwise stated)

Name of Authority	Agreement date	Rate	Period	Capacity (in megawatt)
Southern Power Distribution Company of Andhra Pradesh (DISCOM)*	05-Dec-14	5.89 kw/h	25 Years	50
Chamundeshwari Electricity Supply Corporation Limited (CESC)	02-Jan-15	6.51 kw/h	25 Years	50
Hubli Electricity Supply Company Limited (HESCOM)	09-Jan-15	6.51 kw/h	25 Years	40
Bihar State Power (Holding) Company	17-Jan-15	8.39 kw/h	25 Years	10
Gulbarga Electricity Supply Corporation Ltd, Kalaburgi	23-Jan-15	6.51 kw/h	25 Years	40
Solar Energy Corporation of India	05-Feb-15	5.45 kw/h	25 Years	5
Punjab State Power Corporation Ltd, Patiala (PSPCB)	31-Mar-15	7.59 kw/h	25 Years	10
Punjab State Power Corporation Limited	03-Feb-16	5.62 kw/h	25 Years	50
Punjab State Power Corporation Limited	03-Feb-16	5.63 kw/h	25 Years	50
Punjab State Power Corporation Limited	03-Feb-16	5.63 kw/h	25 Years	50
NTPC Ltd	10-Aug-16	4.67 kw/h	25 Years	100

*The entity has entered into a Power Purchase Agreement (PPA) on 5th day of December, 2014 with Southern Power Distribution Company of Andhra Pradesh Limited (DISCOM) for 50 MW for a period of 25 years @ INR 5.89/kwh. to supply power with an escalation of 3% per annum from 2nd year to 10th year and no further escalation subsequent to the 10th year until the end of the PPA.

b) Capital Commitment

In one entity forming part of Restricted Group namely, Azure Power Thirty-Seven Private Limited, has commitments amounting of INR Nil at March 31, 2018 (March 31, 2017: INR 4,803 million (net of capital advances) for purchase of fixed assets).

c) Contingent Liabilities:

i) Bank Guarantees:

	March 31, 2018	March 31, 2017
Guarantees and letter of credits	392	620
	392	**620**

ii) Pending litigations:

Some entities forming part of Restricted Group have received demand for extension charges totalling INR 415 million (March 31, 2017: INR 65 million) for projects completed beyond the contractually agreed dates. The entity has filed an appeal against such demands and has received a stay order from the appellant authorities. The management believes the reason for delay were not attributable to the entity, based on advice from its legal advisors and the facts underlying the entity's position, and therefore management, believes that the entity will ultimately not be found liable for these assessments and has not accrued any amount with respect to these matters in its financial statements.

(INR amount in millions, unless otherwise stated)

28. Hedging activities and derivatives

(i) Derivatives as at March 31, 2018 and March 31, 2017

Particulars	Purpose
Option contract to buy US Dollars (USD)	(i). In one entity forming part of Restricted Group, the outstanding liability of USD - Nil (March 31, 2017: USD 3.1 million (including interest), the entity has hedged USD - Nil (March 31, 2017: USD 0.1 million by buying option at strike price of INR - Nil (March 31, 2017: INR 57.00) The total cost of option is INR - Nil (March 31, 2017: INR 1.3 million). (ii). In one entity forming part of Restricted Group, of the outstanding liability of USD - INR Nil (March 31, 2017 - USD 17.2 million), the entity has hedged USD - Nil (March 31, 2017: USD 0.8 million) by buying option at strike price of INR - Nil (March 31, 2017: INR 57.00). The total cost of option is INR - Nil (March 31, 2017: INR 10.4 million).

(ii) Derivatives as at March 31, 2018 and March 31, 2017

Particulars	March 31, 2018		March 31, 2017	
	USD	INR	USD	INR
Secured Loan	-	-	19.34	1,254
Maintenance Fees	-	-	0.02	1
Balance with Non-Scheduled banks	-	-	0.46	30

(iii) Contracts designated as Cash flow hedges

The Company hedged the foreign currency exposure risk related to certain investments in Restricted Group entities denominated in foreign currency through call spread option with full swap for coupon payments. The foreign currency forward contracts and options were not entered for trading or speculative purposes.

The Company documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested on a quarterly basis using dollar offset method. The gain or loss on the hedge contracts was recorded in accumulated other comprehensive income to the extent the hedge contracts were effective. The gain or loss on the hedge contracts shall be reclassified to interest expense when the coupon payments and principal repayments are made on the related investments. The hedge contracts were effective as of March 31, 2018.

Ind AS 109, Financial Instruments, permits recording the cost of hedge over the period of contract based on the effective interest rate method. The Restricted Group determined the cost of hedge at the time of inception of the contract was INR 4,931 million and recorded an expense of INR 575 million during the year ended March 31, 2018.

The following table presents outstanding notional amount and balance sheet location information related to foreign exchange derivative contracts as of March 31, 2018:

	March 31, 2018		
	Notional Amount (US$ denominated)	Current Liabilities (INR)	Non-current – Other financial liabilities
Foreign currency option contracts	499.60	-	331

29. Operation and Maintenance

The operations of the entities in the Restricted Group including operations and maintenance of the solar plant are managed by the employees of the Holding Company for which cost is charged by the Holding company on the basis of mutually agreed rates as per the operation and maintenance agreement entered by the companies of the Restricted Group with the Holding Company.

(INR amount in millions, unless otherwise stated)

30. Capitalization of expenditure (net)

During the year, the Restricted Group had capitalized the following expenses to the cost of fixed assets and construction in progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the respective companies under Restricted Group.

Particulars	**March 31, 2018**	**March 31, 2017**
Project development expenses	49	37
Travelling and conveyance	-	8
Finance cost	267	529
Land development	19	8
Legal expenses	2	14
Security and supervision charges	11	51
Other expense	-	31
Interest income	(12)	(20)
Total	**336**	**658**

(INR amount in millions, unless otherwise stated)

31. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Restricted Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value				
Derivative instruments at fair value through profit or loss*	-	8	-	8
Investment in debt mutual fund at fair value through profit or loss **	242	29	242	29
Total	**242**	**37**	**242**	**37**
Financial liabilities at fair value				
Derivative instruments at fair value through OCI*	331	-	331	-
Total	**331**	**-**	**331**	**-**
Financial liabilities at amortised cost				
Term loans from banks - in foreign currency***	-	1,318	-	1,430
Term loans from banks/financial institutions - in Indian currency****	-	19,953	-	19.953
US$ Senior Notes***	31,975	-	33,178	-
Total	**31,975**	**21,271**	**33,178**	**21,383**

The management assessed that cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, unbilled revenue, viability gap funding receivable (VGF), loans to related parties, receivable from related parties, security deposits received, short term borrowings, interest accrued, payable for fixed assets, trade payables and security deposits paid approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the price that would be received on selling of assets or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The following methods and assumptions were used to estimate the fair values:

Measured at fair value:

* The respective companies under the Respective Group enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign currency option derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates,

yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying instruments. The Restricted Group used the derivatives option pricing model based on the principles of the Black-Scholes model to determine the fair value of the foreign exchange derivative contracts. The inputs considered in this model include the theoretical value of a call option, the underlying spot exchange rate as of the balance sheet date, the contracted price of the respective option contract, the term of the option contract, the implied volatility of the underlying foreign exchange rates and the risk-free interest rate as of the balance sheet date. (Level 2)

**The fair values of the debt mutual funds are derived from quoted market prices in active markets (Level 1).

***The fair values of the interest-bearing borrowings and loans of Restricted Group are determined by using DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant (Level 2).

At amortised cost:

****Fair value of long-term loan having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Restricted Group's own credit risk during the current year (Level 2).

(INR amount in millions, unless otherwise stated)

32. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the assets and liabilities of the Restricted Group.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value				
Investment in mutual fund at fair value through profit or loss	242	242	-	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2018:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial liabilities measured at fair value				
Derivative instruments at fair value through OCI	331	-	331	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2018:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial liabilities at amortised cost:				
US$ Senior Notes	33,178	-	33,178	-

There have been no transfers between Level 1 and Level 2 during the year.

(INR amount in millions, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value				
Derivative instruments at fair value through profit or loss	8	-	8	-
Investment in debt mutual fund at fair value through profit or loss	29	29	-	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2017:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial liabilities at amortised cost:				
Term loans from banks - in foreign currency	1,430	-	1,430	-
Term loans from banks/financial institutions - in Indian currency	19,953	-	19,953	-

There have been no transfers between Level 1 and Level 2 during the year.

The management assessed that cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, unbilled revenue, viability gap funding receivable (VGF), receivable from related parties, security deposits received, short term borrowings, interest accrued, payable for fixed assets, trade payables and security deposits paid approximate their carrying amounts largely due to the short-term maturities of these instruments.

(INR amount in millions, unless otherwise stated)

33. Financial risk management objectives and policies

The financial liabilities of respective entities under Restricted Group comprise loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the respective Restricted Group entities' operations. The Restricted Group's principal financial assets include loans, investments, trade and other receivables, cash and cash equivalents and other financial assets.

The Restricted Group entities are s exposed to market risk, credit risk and liquidity risk. The senior management of respective Restricted Group entities oversees the management of these risks. The Board of Directors of respective Restricted Group entities reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans, borrowings, deposits, investment in mutual funds and derivatives instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017:

a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of Restricted Group entities to the risk of changes in market interest rates relates primarily to the Restricted Group's long-term debt obligations with floating interest rates.

Financial instruments comprise of US$ Senior Notes, loans to related parties which are fixed interest bearing whereas term loans from banks and financial institution are both fixed and floating interest bearing. Remaining financial assets and liabilities are non-interest bearing.

The exposure of the Restricted Group entities' financial instruments as at March 31, 2018 to interest rate risk is as follows:

As at March 31, 2018	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	242	4,713	2,488	7,443
Financial liabilities	-	32,686	2,533	35,219

The exposure of the Restricted Group entities' financial instruments as at March 31, 2017 to interest rate risk is as follows:

As at March 31, 2017	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	29	2,035	1,336	3,400
Financial liabilities	19,953	2,289	4,442	26,684

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, profit/loss before of Restricted Group entities tax are affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	March 31, 2018		March 31, 2017	
Effect on loss before tax (in Rupees)	+/(-)50	(-)/+	1	(-)/+	109

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment. Though there is exposure on account of Interest rate movement as shown above but the Restricted Group entities minimise the foreign currency (US dollar) interest rate exposure through derivatives.

(INR amount in millions, unless otherwise stated)

b) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Restricted Group entities are exposed to foreign currency risk arising from changes in foreign exchange rates on foreign currency loan and derivative financial instruments. The Restricted Group entities enters into foreign exchange derivative contracts to mitigate fluctuations in foreign exchange rates in respect of these loans.

The following table analyses foreign currency risk from financial instruments relating to US$ as of March 31, 2018 and March 31, 2017:

	March 31, 2018	March 31, 2017
Borrowings		
US$ Senior Notes	31,975	-
Foreign currency loan from financial institutions	-	1,319

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD/Rupee exchange rates, with all other variables held constant. The impact on the Restricted Group's loss before tax is due to changes in the fair value of monetary liabilities.

	Change in USD rate		March 31, 2018		March 31, 2017
Effect on loss before tax (in Rupees)	+/(-)5%	(-)/+	1,599	(-)/+	66

As the Restricted Group entities have entered into foreign exchange derivatives contract to mitigate the foreign exchange fluctuation risk, these derivatives act as economic hedges and will offset the impact of any fluctuations in foreign exchange rates.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Restricted Group entities are exposed to credit risk from their operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables
Customer credit risk is managed on the basis of Restricted Group entities' established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The Restricted Group entities evaluate the concentration of risk with respect to trade receivable as high. However, since the trade receivables mainly comprise of state utilities/government entities, the Restricted Group entities do not foresee any credit risk attached to receivables from such state utilities/government entities. The Restricted Group entities do not hold collateral as security.

b) Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the respective Restricted Group entities' treasury department in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk
Liquidity risk is the risk that Restricted Group entities will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of Restricted Group entities to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to its reputation.

The Restricted Group entities assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Restricted Group has access to a sufficient variety of sources of funding and debt maturing within 12 months.

(INR amount in millions, unless otherwise stated)

The table below summarises the maturity profile of the Restricted Group's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2018				
Borrowings*	1,063	39,682	-	40,745
Trade payables	184	-	-	184
Other financial liabilities	2,018	-	-	2,018
	3,265	**39,682**	**-**	**42,947**
As at March 31, 2017				
Borrowings*	3,389	13,337	25,397	42,123
Trade payables	141	-	-	141
Other financial liabilities	4,301	-	-	4,301
	7,831	**13,337**	**25,397**	**46,565**

*Including interest on long-term borrowings

(INR amount in millions, unless otherwise stated)

34. Capital management

For the purpose of the Restricted Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the respective entities of Restricted Group. The primary objective of the Restricted Group's capital management is to maximise the shareholder's value of the respective entity of Restricted Group.

The respective entity of Restricted Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the respective entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The respective entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Restricted Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Borrowings*	30,525	22,242
Trade payables and other current financial liabilities **	2,202	4,442
Less: Cash and cash equivalents***	(3,114)	(1,770)
Net debt	**29,614**	**24,914**
Equity	**7,527**	**8,793**
Total Capital	**7,527**	**8,793**
Capital and net debt	**37,140**	**33,707**
Gearing ratio (%)	**79.7%**	**73.9%**

* The Company has adjusted the Inter Group Borrowings to/from Azure Power India in borrowings
** The Company had Trade Receivables of INR 1,166 million as at March 31, 2018
***This includes other bank balances, which the Company has invested in Term Deposits

In order to achieve this overall objective, the Restricted Group entities' capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

35. Significant accounting judgements, estimates and assumptions

The preparation of the Restricted Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements

In the process of applying the entity's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

(i) Revenue from Viability Gap Funding (VGF)
The Restricted Group records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized as sale of power in proportion to the actual sale of solar energy kilowatts during the period to the total estimated sale of solar energy kilowatts during the tenure of the applicable power purchase agreement pursuant to the revenue recognition policy.

(ii) Classification of leases:
Restricted Group's leases relate to leasehold land on which the solar power plants are constructed and for office facilities. Leases are reviewed for capital or operating classification at their inception under the guidance of "Ind AS - 17, Leases". The Restricted Group has determined, based on an evaluation of the terms and conditions of the arrangements e.g. lease term, annual rental, transfer/ retention of significant risks and rewards of ownership of land as operating lease and accordingly accounted the same in the financial statements.

B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Restricted Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Restricted Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next remaining useful life of the projects Restricted Group entities. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(ii) Hedging activities and derivatives
The Company has issued 5.5% US$ Senior Notes in August, 2017, listed on the Singapore Exchange Limited ("SGX"). The proceeds were used for repayment of loan of Restricted Group entities, in the form of intercompany Non-Convertible Debentures (NCD) and External Commercial Borrowings (ECB's) denominated in INR. The exchange rate risk on the proceeds invested from the US$ Senior Notes are hedged through cross currency swap for payment of coupons and through call spread option contracts for repayment of principal (collectively "Option contracts"). The Restricted Group designated these option contracts as a cashflow hedge. These options contracts mitigate the exchange rate risk associated with the forecasted transaction for semi-annual repayment of coupon and for repayment of the principal balance at the end of five years.

The cashflow from the underlying agreement match the terms of a hedge such as – notional amount, maturity of the option contracts, mitigation of exchange rate risk, and there are no significant changes in the counter party risk, hence they are designated as a cashflow hedge in accordance with Ind AS 109, Financial Instruments.

(iii) Revenue estimate
Where power purchase agreements (PPAs) include scheduled price changes, revenue is recognized at lower of the amount billed or by applying the average rate to the energy output estimated over the term of the PPA. The determination of the lesser amount is undertaken annually based on the cumulative amount that would have been recognized had each method been consistently applied from the beginning of the contract term. The Restricted Group estimates the total kilowatt hour units expected to be generated over the entire term of the PPA. The contractual rates are applied to this annual estimate to determine the total estimated revenue over the term of the PPA. The Restricted Group then uses the total estimated revenue and the total estimated kilo-watt hours to compute the average rate used to record revenue on the actual energy output supplied. The Restricted Group compares the actual energy supplied to the estimate of the energy expected to be generated over the remaining term of the PPA on a periodic basis, but at least annually. Based on this evaluation, the Restricted Group reassesses the energy output estimated over the remaining term of the PPA and adjusts the revenue recognized and deferred to date. The difference between actual billing and revenue recognized is recorded as deferred revenue.

(iv) Taxes

Projects of Restricted Group qualify for deduction from taxable income because its profits are attributable to undertakings engaged in development of solar power projects under section 80-IA of the Indian Income Tax Act, 1961. This holiday is available for a period of ten consecutive years out of fifteen years beginning from the year in which the Restricted Group generates power ("Tax Holiday Period"), however, the exemption is only available to the projects completed on or before March 31, 2017. The Restricted Group anticipates that it will claim the aforesaid deduction in the last ten years out of fifteen years beginning with the year in which the Restricted Group generates power and when it has taxable income. Accordingly, its current operations are taxable at the normally applicable tax rates. Due to the Tax Holiday Period, a substantial portion of the temporary differences between the book and tax basis of the Restricted Group's assets and liabilities do not have any tax consequences as they are expected to reverse within the Tax Holiday Period.

(v) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(vi) Provision for decommissioning

The Restricted Group has recognised provisions for the future decommissioning of solar power plants set up on leased land at the end of the lease term or expiry of power purchase agreement. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the leased land and the expected timing of those costs. The carrying amount of the provision as at March 31, 2018: INR 160 million (March 31, 2017 was INR 149 million). The Group estimates that the costs would be realised in 25 years' time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

- Estimated range of cost per megawatt– INR 0.35 million to INR 0.55 million (March 31, 2017: INR 0.35 million to INR 0.55 million)
- Discount rate – 9 %

(vii) Depreciation on property, plant and equipment

As per the legal view obtained by the Restricted Group, it is regulated under the Electricity Act, 2003 accordingly as per the provision to section 129 of Companies Act, 2013, deprecation has to be charged as per the rates notified by the CERC Regulation. Depreciation on other fixed assets of the Restricted Group is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has re-estimated useful lives and residual values of all its property, plant and equipment. The management based upon the nature of asset, the operating condition of the asset, the estimated usage of the asset, past history of replacement and anticipated technological changes, believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

36. Amendments to existing standards that are not yet effective and have not been adopted by the Restricted Group:

The MCA has notified Companies (Indian Accounting Standards) Amendment Rules, 2018 to amend Ind AS 115, "Revenue from Contracts with Customers", Ind AS 112, "Discourses of Interests in Other Entities", Ind AS 12, "Income Taxes", Ind AS 21, "The Effects of Changes in Foreign Exchange Rates", Ind AS 40, "Investment Property", Ind AS 28 Investments in Associates and Joint Ventures. They shall come into force on April 1, 2018.

Summarised in the paragraphs below are the applicable amendments that have been issued prior to the date of approval of these financial statements and will be applicable for transactions in the entity but are not yet effective. These have not been adopted early by the Restricted Group and accordingly, have not been considered in the preparation of the financial statements of the Restricted Group. The Restricted Group intends to adopt these standards, if applicable, when they become effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115, *Revenue from Contracts with Customers* was issued on March 29, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This guidance supersedes all current revenue recognition requirements under Ind AS. In addition, there are disclosure requirements related to the nature, amount, timing, and uncertainty of revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity is required to follow five steps which comprises of (a) identifying the contract(s) with a customer; (b) identifying the performance obligations in the contract; (c) determining the transaction price; (d) allocating the transaction price to the performance obligations in the contract and (e) recognizing revenue when (or as) the entity satisfies a performance obligation.

The new revenue standard being effective for annual periods beginning on or after April 1, 2018. The Restricted Group has the option of adopting the new revenue standard using either a full retrospective application or a modified retrospective application. The Restricted Group plans to adopt Ind AS 115 using the modified retrospective method with a cumulative adjustment to retained earnings as of April 1, 2018.

In recent periods, Management completed an assessment of all performance obligations in contractual relationships and continued to assess the expanded disclosure requirements, the adoption of the standard will not have a material effect on our results of operations, cash flows or financial condition.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Restricted Group as the Restricted Group has no deductible temporary differences or assets that are in the scope of the amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:
(i) The beginning of the reporting period in which the entity first applies the Appendix, or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since current practice of entities under Restricted Group is in line with the Interpretation, the Restricted Group does not expect any effect on its special purpose combined financial statements.

(INR amount in millions, unless otherwise stated)

Operating Results of the Restricted Group

Restricted Group Project Portfolio

As of March 31, 2018, the operational projects of the Restricted Group accounted for 68% of the total installed capacity of our operational projects, consisting of 21 operational utility scale projects with a total installed capacity of 611 MW (70% of the total installed capacity of our operational utility scale projects) and one operational rooftop project with an installed capacity of 10 MW (29% of the total installed capacity of our operational rooftop projects).

The material terms of the PPAs the Restricted Group have entered into and bids the Restricted Group have won as of March 31, 2018 are summarised in the following table.

Project Names	Shareholding (%)	Commercial Operation Date[1]	Capacity (MW)[(6)]	Tariff (INR/KWh)	Offtaker	Duration of PPA in Years
Operational						
Punjab 1*	99.99%	Q4 2009	2	17.91	NTPC Vidyut Vyapar Nigam	25
Punjab 2.1*	99.99%	Q3 2014	15	7.67	Punjab State Power Corporation Limited	25
Punjab 2.2*	99.99%	Q4 2014	15	7.97	Punjab State Power Corporation Limited	25
Punjab 2.3*	99.99%	Q4 2014	4	8.28	Punjab State Power Corporation Limited	25
Punjab 4.1[(4)]*	51.63%	Q4 2016	50	5.62	Punjab State Power Corporation Limited	25
Punjab 4.2[(4)]*	51.63%	Q4 2016	50	5.63	Punjab State Power Corporation Limited	25
Punjab 4.3[(4)]*	51.63%	Q4 2016	50	5.64	Punjab State Power Corporation Limited	25
Gujarat 1.1*	96.91%	Q2 2011	5	15.00[(2)]	Gujarat Urja Vikas Nigam Limited	25
Gujarat 1.2*	96.91%	Q4 2011	5	15.00[(2)]	Gujarat Urja Vikas Nigam Limited	25
Rajasthan 3.1*	99.99%	Q2 2015	20	5.45[(3)]	Solar Energy Corporation of India	25
Rajasthan 3.2*	99.99%	Q2 2015	40	5.45[(3)]	Solar Energy Corporation of India	25
Rajasthan 3.3*	99.99%	Q2 2015	40	5.45[(3)]	Solar Energy Corporation of India	25
Rajasthan 4*	99.99%	Q4 2015	5	5.45[(3)]	Solar Energy Corporation of India	25
Andhra Pradesh 1*	100%	Q1 2016	50	5.89[(2)]	Southern Power Distribution Company of Andhra Pradesh Limited	25
Uttar Pradesh 1*	99.99%	Q1 2015	10	8.99	Uttar Pradesh Power Corporation Limited	12

(INR amount in millions, unless otherwise stated)

Project Names	Shareholding (%)	Commercial Operation Date[1]	Capacity (MW)[(6)]	Tariff (INR/KWh)	Offtaker	Duration of PPA in Years
Bihar*	99.99%	Q3 2016	10	8.39	North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited	25
Karnataka 1*	100%	Q1 2015	10	7.47	Bangalore Electricity Supply Company Limited	25
Karnataka 3.1*	99.99%	Q1 2017	50	6.51	Chamundeshwari Electricity Supply Corporation Limited	25
Karnataka 3.2*	99.99%	Q1 2017	40	6.51	Hubli Electricity Supply Company Limited	25
Karnataka 3.3*	99.99%	Q1 2017	40	6.51	Gulbarga Electricity Supply Company Limited	25
Telangana 1*	95.22%	Q4 2017	100	4.67	NTPC Limited	25
Total Capacity			**611**			
Commercial and Industrial[(5)]						
Punjab Rooftop 2*	99.99%	Q2 2016	10		Punjab State Power Corporation Limited	25
Total Capacity			**10**			
Total Capacity (all projects)			**621**			

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(1) Refers to the applicable quarter of the calendar year. There can be no assurance that our projects under construction and our committed projects will be completed on time or at all. See "Risk Factors — Risks Related to Us and Our Industry — Our construction activities may be subject to cost overruns or delays."
(2) Current tariff, subject to change, as disclosed under " — Operating Results of Restricted Group — Portfolio of Utility Scale Projects — Operational Projects."
(3) Projects are supported by VGF in addition to the tariff— see "— Power Purchase Agreement— VGF for Projects."
(4) Hanwha Energy Corporation Singapore Pte. Ltd. holds a non-controlling interest.
(5) The levelized tariff for the Commercial and Industrial projects is between INR 5.80 to INR 10.62.
(6) Capacity, as defined by PPA contract.
* The project is held by a Restricted Subsidiary.

- Punjab 1 is held by Azure Power (Punjab) Private Limited;
- Punjab 2.1, Punjab 2.2 and Punjab 2.3 are held by Azure Urja Private Limited;
- Punjab 4.1, Punjab 4.2 and Punjab 4.3 are held by Azure Power Pluto Private Limited;
- Gujarat 1.1 and Gujarat 1.2 are held by Azure Power (Haryana) Private Limited;
- Rajasthan 3.1 is held by Azure Sunshine Private Limited;
- Rajasthan 3.2 is held by Azure Green Tech Private Limited;
- Rajasthan 3.3 is held by Azure Clean Energy Private Limited;
- Rajasthan 4 is held by Azure Power Mars Private Limited;
- Andhra Pradesh 1 is held by Azure Power Infrastructure Private Limited;
- Uttar Pradesh 1 is held by Azure Surya Private Limited;

- Karnataka 1 is held by Azure Power (Karnataka) Private Limited;
- Karnataka 3.1 is held by Azure Sunrise Private Limited;
- Karnataka 3.2 is held by Azure Photovoltaic Private Limited;
- Karnataka 3.3 is held by Azure Power (Raj.) Private Limited;
- Telangana 1 is held by Azure Power Thirty Seven Private Limited;
- Punjab Rooftop 2 is held by Azure Renewable Energy Private Limited; and
- Bihar is held by Azure Power Eris Private Limited.

** For projects that are not 100% owned by Azure Power India Private Limited, the minority shareholders include Mr. Harkanwal Singh Wadhwa, Hanwha Energy Corporation Singapore Pte. Ltd., Suntech Power International Ltd and Haeron Power Singapore Pte Limited.

Portfolio of Utility Scale Projects

Operational Projects

State of Punjab

Punjab 1 is a 2MW project, which was commissioned in 2009 and was migrated under Phase I Batch II of the NSM. The offtaker for the project is NTPC Vidyut Vyapar Nigam Limited, with a tariff of INR 17.91 per kilowatt hour for a period of 25 years, effective as of the execution of the PPA in October 2010. This was also the first utility scale solar project built in India, making us the longest operating solar company in India.

Punjab 2 represents a portfolio of three projects. Punjab 2.1 is a 15MW project that commenced commercial operations in September 2014. The PPA was signed in December 2013 with Punjab State Power Corporation Limited at a tariff rate of INR 7.67 per kilowatt hour for 25 years. The PPAs for Punjab 2.2 for 15MW and Punjab 2.3 for 4MW were signed in December 2013 with Punjab State Power Corporation Limited at tariff rates of INR7.97 (15MW) and INR 8.28 (4MW) per kilowatt hour, respectively, for 25 years. Both of the projects commenced operations in October 2014.

Punjab 4 represents a portfolio of three projects, Punjab 4.1, Punjab 4.2 and Punjab 4.3, with capacities of 50MW each. PPAs for all the three projects were signed with Punjab State Power Corporation Limited in February 2016 with a tariff of INR 5.62 per kilowatt hour for Punjab 4.1, INR 5.63 per kilowatt hour for Punjab 4.2 and INR 5.64 per kilowatt hour for Punjab 4.3. The term of each PPA is 25 years and the projects commenced operations in December 2016.

State of Gujarat

Gujarat 1 is a 10MW project under the Gujarat Solar Policy 2009. We entered into a PPA with Gujarat Urja Vikas Nigam Limited in April 2010 for a period of 25 years at a tariff rate of INR 15 per kilowatt hour for the first 12 years and INR 5 per kilowatt hour for the remainder of the term of the contract. The project was constructed in two phases.

Gujarat 1.1 was constructed over a period of nine months and is a 5MW project that commenced commercial operations in June 2011. Gujarat 1.2 was constructed over a period of 13 months and is a 5MW project that commenced operations in November 2011. At the time of commissioning, this was the largest solar power plant in the country and is spread across Khadoda and Sinhol villages in the Sabarkatha District.

State of Rajasthan

Rajasthan 3 represents a portfolio of three projects with a total of 100MW under Phase II Batch I of the NSM. It is comprised of Rajasthan 3.1 of 20MW, Rajasthan 3.2 of 40MW and Rajasthan 3.3 of 40MW. PPAs for each of the three projects were signed with the Solar Energy Corporation of India in March 2014 for a period of 25 years at a tariff of INR 5.45 per kilowatt hour with VGF. This was one of the largest portfolios won under the policy with a total VGF amount of INR 1,860 million, which is the highest allotment of the total available VGF. Spread across over 717 acres of land in Jodhpur, these projects commenced operations in May 2015, making Azure the largest owner and operator of NSM projects totalling 142MW.

Rajasthan 4 is a 5MW project, for which the PPA was signed with Solar Energy Corporation of India in February 2015. The PPA was signed with Solar Energy Corporation of India for a tenure of 25 years with a tariff of INR 5.45 per kilowatt hour and VGF of INR 64.5 million for the total capacity of 5MW. The project commenced operations in November 2015.

State of Karnataka

Karnataka 1 is a 10MW project, for which the PPA was signed with Bangalore Electricity Supply Company Limited in January 2014 with a tariff of INR 7.47 per kilowatt hour for 25 years. The project commenced operations in January 2015.

Karnataka 3 represents a portfolio of three projects, Karnataka 3.1, Karnataka 3.2 and Karnataka 3.3, with capacities of 50MW, 40MW and 40MW respectively. PPAs for Karnataka 3.1, Karnataka 3.2 and Karnataka 3.3 were signed with Chamundeshwari Electricity Supply Corporation Limited in January 2015, Hubli Electricity Supply Company Limited in January 2015 and Gulbarga Electricity Supply Company Limited in January 2015 respectively, with a tariff of INR 6.51 per kilowatt hour for each. The term of each PPA is 25 years and the projects commenced operations in March 2017.

State of Uttar Pradesh

Uttar Pradesh 1 is a 10MW project, for which the PPA was signed in December 2013 with Uttar Pradesh Power Corporation Limited with a tariff rate of INR 8.99 per kilowatt hour for 12 years. The project commenced operations in January 2015. This is the first grid-connected utility-scale solar power plant in the state under the Uttar Pradesh Solar Policy 2013.

State of Andhra Pradesh

Andhra Pradesh 1 is a 50MW project. The PPA was signed with Southern Power Distribution Company of Andhra Pradesh Limited in December 2014 with a tariff of INR 5.89 per kilowatt hour for one year, increasing by 3% each year from the second year to the tenth year and thereafter with the same tariff as that in year ten for the remainder of the 25-year term. This project commenced operations in March 2016 and was the largest capacity solar plant at a single site upon commissioning in the state of Andhra Pradesh.

State of Bihar

Bihar 1 is a 10MW project. The PPA was signed with North Bihar State Power Distribution Company Limited and South Bihar Power Distribution Company Limited in January 2015 with a tariff of INR 8.39 per kilowatt hour for 25 years. This project commenced operations in July 2016.

State of Telangana

Telangana 1 is a 100MW project under the Phase II Batch II State Specific Bundling Scheme of NSM for which the PPA has been signed with NTPC Limited in August 2016 for a tenure of 25 years with a tariff of INR 4.67 per kilowatt hour. The project commenced operations in the fourth quarter of 2018.

Portfolio of Rooftop Projects

Punjab Rooftop Project

The Punjab rooftop 1 project is a 1MW project for which the PPA was signed in May 2015 with JCBL Ltd. for a period of 25 years. The project commenced operations in the third quarter of 2015.

The Punjab rooftop 2 project is a 10MW project. The PPA was signed with Punjab State Power Corporation Limited. in March 2015 for a period of 25 years with a tariff of INR 7.59 per kilowatt hour. The project commenced operations in the second quarter of 2016.

Results of Operations

Fiscal Year Ended March 31, 2018 Compared to Fiscal Year Ended March 31, 2017

The following table sets forth the Restricted Group's selected combined Ind AS profit and loss data for the fiscal years ended March 31, 2017 and 2018. The presentation of this data is not in accordance with Ind AS and has been presented in a manner similar to APGL's US GAAP presentation. The underlying financial statements are prepared using recognition and measurement principles of Ind AS and therefore it is not comparable to US GAAP:

	Fiscal Year Ended March 31,		
	2017	2018	2018[1]
Selected Combined Statement of Operations Data:	(INR) (In millions)	(INR) (In millions)	(US$) (In millions)
Operating revenues:			
Revenue from Operations	2,777	5,350	82
Other income	58	37	1
Total Revenue	**2,835**	**5,387**	**83**
Operating costs and expenses:			
Cost of operations (exclusive of depreciation and amortization shown separately below)	258	513	8
General and administrative	127	109	2
	385	**622**	**10**
Depreciation and amortization	1,138	2,026	31
Total operating cost and expenses	**1,523**	**2,648**	**41**
Operating income	**1,312**	**2,739**	**42**
Interest expense, net:			
Finance costs	1,693	4,141	64
Interest income	74	236	4
Interest expense, net	**1,619**	**3,905**	**60**
Loss before income tax	**(307)**	**(1,166)**	**(18)**
Income tax expense			
Current tax	3	142	2
Deferred tax	50	21	-
Income tax expense	**53**	**163**	**2**
Net loss	**(360)**	**(1,329)**	**(20)**

[1] Translation of the combined statements of operations data from INR into US$ for the fiscal year ended March 31, 2018 is solely for the convenience of the readers and was calculated at the rate of US$ 1.00 = INR 65.11, the noon buying rate in New York City for cable transfers in non U.S. currencies, as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2018. No representation is made that the INR amounts could have been, or could be, converted, realized or settled into US$ at that rate on March 31, 2018, or at any other rate.

Operating Revenues

Sale of Power

Sale of power for the Restricted Group during the year ended March 31, 2018 increased by INR 2,573 million, or 93%, to INR 5,350 million (US$ 82 million) compared to fiscal year ended March 31, 2017. The principal reason for the increase in revenue during the fiscal year ended March 31, 2018 was the incremental revenue from projects that commenced operations at various dates during fiscal year 2016. These include Punjab 150 MW solar power project, which commenced operations during fourth quarter of fiscal year 2017 and contributed incremental operating revenue of INR 1040.40 million, Karnataka 130 MW solar power project, which commenced operations during the fourth quarter of fiscal year 2017 and contributed incremental operating revenue of INR 1327.66 million. In addition, the combined Restricted Group recorded incremental revenue from projects that commenced operations in fiscal year 2018, which include Telangana 100 MW project which commenced operations in the fourth quarter of fiscal year 2018 and contributed incremental operating revenue of INR 140.06 million.

Other Income

Other income for the Restricted Group during the year ended March 31, 2018 decreased by INR 21 million, or 36%, to INR 37 million (US$ 0.57 million) compared to the fiscal year ended March 31, 2017. The increase was primarily due to foreign exchange loss, on our foreign currency denominated debt.

Operating Costs and Expenses

Cost of Operations (exclusive of depreciation and amortization)

Cost of operations for the Restricted Group during the fiscal year ended March 31, 2018 increased by INR 255 million, or 99%, to INR 513 million (US$ 8 million) compared to the fiscal year ended March 31, 2017. The increase was primarily due increase in plant maintenance cost related to newly operational projects INR 154 million, rates and taxes INR 14.5 million and an increase in leasehold rent of INR 35.0 million primarily resulting from increased leased land in connection with the Restricted Group's projects during the fiscal year ended March 31, 2018.

General and Administrative Expenses

General and administrative expenses for the Restricted Group during the fiscal year ended March 31, 2018 decreased by INR 18 million, or 14%, to INR 109 million (US$ 2 million) compared to the fiscal year ended March 31, 2017. This was primarily decrease in premium on option cost of INR 37 million and offset by increase of INR 16 million in local taxes.

Depreciation and Amortization

Depreciation and amortization expenses for the Restricted Group during the year ended March 31, 2018 increased by INR 889 million, or 78%, to INR 2,027 million (US$ 31 million) compared to the fiscal year ended March 31, 2017. The principal reason for the increase in depreciation was the full year effect of projects that commenced operations on various dates during fiscal year 2017.

These projects include Punjab 150 MW solar power project, which commenced operations during fourth quarter of fiscal year 2017 and resulted in additional depreciation of INR 322 million, Karnataka 130 MW solar power project, which commenced operations during the fourth quarter of fiscal year 2017 and resulted in additional depreciation of INR 494 million.
In addition, the Restricted Group recorded depreciation and amortization expenses for projects that commenced operations during fiscal year 2018. These projects include Telangana 100 MW which commenced operations in the fourth quarter of fiscal year 2018 and resulted in additional depreciation of INR 58 million.

Interest Expense, Net

Finance Cost

Finance cost for the Restricted Group during the year ended March 31, 2018 increased by INR 2,448 million, or 145%, to INR 4,141 million (US$ 64 million) compared to the fiscal year ended March 31, 2017. Finance cost for the year ended March 31, 2018, for combined Restricted Group increased primarily as a result of interest expenses of INR 1,429 million on borrowing for Punjab 150 MW, K-130 and Telangana 100 MW solar power projects operating and also includes one-time non-cash write offs of unamortised deferred financing cost of INR 522 million on account of the US$ Senior Notes, in addition, a one-time prepayment fees of INR 662.0 million for debt refinancing related to the US$ Senior Notes, offset by lower interest expense due to savings from US$ Senior Notes.

Interest Income

Interest income for the Restricted Group during the year ended March 31, 2018 increased by INR 162 million, or 219%, to INR 236 million (US$ 4 million) compared to the fiscal year ended March 31, 2017 as a result of interest on loan given to holding company and increase in income on term deposits placed during the period.

Income Tax Expense

Income tax expense for the Restricted Group increased during the year ended March 31, 2018 by INR 110 million to INR 162 million (US$ 2 million), compared to the fiscal year ended March 31, 2017. The increase in income tax expense was largely attributable withholding tax deposited by restricted group entities towards interest on external commercial borrowing and non-convertible debentures issued by APEL.

Cash Flow Discussion

Fiscal Year Ended March 31, 2018 Compared to Fiscal Year Ended March 31, 2017

The following table reflects the changes in cash flows of the Restricted Group for fiscal years ended March 31, 2018 and 2017 under IND-AS:

	For Fiscal Year Ended March 31,		
Cash Flow Data	**2017 (INR) (In millions)**	**2018 (INR) (In millions)**	**Change (INR) (In millions)**
Net cash flow from operating activities	2,199	3,994	1,795
Net cash flow used in investing activities	(12,279)	(11,374)	905
Net cash flow from financing activities	11,151	7,661	(3,390)

Operating Activities

During the fiscal year ended March 31, 2018, the Restricted Group generated INR 3,994 million (US$ 61 million) of cash in operating activities. This cash inflow primarily resulted from a loss before tax during the fiscal year ended March 31, 2018 of INR 1,166 million reduced by depreciation and amortization of INR 2,026 million and finance cost of INR 4,141 million, in addition to changes in operating assets and liabilities including a INR 100 million increase in other non-current liabilities, a INR 43 million increase in trade payables and a INR 31 million increase in current liabilities offset by a INR 685 million increase in trade receivables, a INR 210 million increase in other financial assets and a INR 64 million increase in other current and non-current assets.

During the fiscal year ended March 31, 2017, the Restricted Group generated INR 2,199 million (US$ 34 million) of cash in operating activities. This cash inflow primarily resulted from a loss before tax during the fiscal year ended March 31, 2017 of INR 307 million reduced by depreciation and amortization of INR 1,138 million and finance cost of INR 1,693 million in addition to changes in operating assets and liabilities including a INR 111 million increase in other non- current liabilities, a INR 75 million increase in trade payables and a INR 93 million increase in current financial liabilities offset by a INR 317 million increase in trade receivables, a INR 200 million increase in other financial assets and a INR 100 million increase in other current assets.

Investing Activities

During the fiscal year ended March 31, 2018, the Restricted Group utilized INR 11,374 million (US$ 175 million) in investing activities. This cash outflow was primarily due to INR 8,734 million incurred to purchase of property, plant and equipment (including capital work in progress and capital advance) primarily related to the construction of Telangana 1, net INR 2,174 million of loan given to holding company, net purchase of INR 203 million of available-for-sale non-current investments and investment of a INR 412 million in bank deposits.

During the fiscal year ended March 31, 2017, the Restricted Group utilized INR 12,280 million (US$ 189 million) in investing activities. This cash outflow was primarily due to INR 12,317 million incurred to purchase of property, plant and equipment (including capital work in progress and capital advance) primarily related to the Punjab 4, Karnataka 3.1, 3.2 and 3.3 solar power projects, Bihar 1 solar power project and Punjab rooftop 2 solar power projects, net purchase of INR 17 million of available-for-sale non-current investments offset by INR 13 million from the maturity of investments in bank deposits.

Financing Activities

During the fiscal year ended March 31, 2018, the Restricted Group generated INR 7,661 million (US$ 118 million) from financing activities. This cash inflow was primarily due to proceeds of INR 31,262 million from US$ Senior Notes and net repayment of long term borrowing of INR 21,711 million and INR 400 million proceeds from issuance of shares and compulsory convertible debentures. These inflows were offset in part by INR 259 million in repayment of borrowings from holding and unrestricted group entities and by INR of 2,031 million in payment of interest of term loan including prepayment charges and ancillary cost of borrowings.

During the fiscal year ended March 31, 2017, the Restricted Group generated INR 11,152 million (US$ 171 million) from financing activities. This cash inflow was primarily due to new loan proceeds of INR 11,878 million in the form of long term loans from banks for Punjab 4, Karnataka 3.1, 3.2 and 3.3 solar power projects, Bihar 1 solar power project and Punjab rooftop 2 solar power projects and INR 2,658 million proceeds from issuance of shares and compulsorily convertible debentures. These inflows were offset in part by INR 2,480 million in repayment of long term borrowings.