

RG Group Combined Financial
Statements

For the Six months ended
30th September 2018

**Restricted Group Ind AS Unaudited Interim Condensed Combined
Financial Statements as of September 30, 2018**

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**Review Report to the Board of Directors
Azure Power Energy Limited**

We have reviewed the accompanying special purpose Ind AS unaudited interim condensed combined financial statements of Restricted Group which consist of the 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 3 to the Ind AS unaudited interim condensed combined financial statements (collectively known as "the Restricted Group"), and which comprise the unaudited interim condensed combined balance sheet as at September 30, 2018 and the related unaudited interim condensed combined statement of Profit and Loss, unaudited interim condensed combined statement of changes in equity and unaudited interim condensed combined Cash Flows for the half year ended September 30, 2018, and selected explanatory information (together hereinafter referred to as the "Special Purpose Ind AS unaudited interim condensed combined financial statements").

Management's Responsibility

Management is responsible for the preparation and presentation of this special purpose Ind AS unaudited interim condensed combined financial statements, prepared in accordance with the basis of preparation as set out in note 3 to special purpose Ind AS unaudited interim condensed combined financial statements and have been approved by the Board of Directors. These special purpose Ind AS unaudited interim condensed combined financial statements contain an aggregation of financial information relating to Restricted Group and have been prepared from the books and records maintained by Restricted Group entities. This includes the design, implementation and maintenance of internal control relevant to the preparation of the special purpose Ind AS unaudited interim condensed combined financial statements that are free from material misstatement whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." issued by Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the special purpose Ind AS unaudited interim condensed combined financial statements is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying special purpose Ind AS unaudited interim condensed combined financial statements have not been prepared in all material respects in accordance with recognition and measurement principles of Ind AS 34 prescribed under Section 133 of Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies.

Emphasis of Matter

We draw attention to Note 2 and 3 to the special purpose Ind AS unaudited interim condensed combined financial statements, which describes that the Restricted Group has not formed a separate legal group of entities during the period/year ended September 30, 2018 and March 31, 2018, which also describes the basis of preparation,



S.R. BATLIBOI & CO. LLP

Chartered Accountants

including the approach to and purpose of preparing them. Consequently, the Restricted Group's special purpose Ind AS unaudited interim condensed combined financial statements may not necessarily be indicative of the financial performance and financial position of the Restricted Group that would have occurred if it had operated as a single standalone group of entities during the periods presented. The special purpose Ind AS unaudited interim condensed combined financial statements has been prepared for the purpose of complying with financial reporting requirements under the indenture governing the Senior Notes. As a result, the special purpose Ind AS unaudited interim condensed combined financial statements may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Other Matters

This report on the special purpose Ind AS unaudited interim condensed combined 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

ICAI Firm registration number: 301003E/E300005

Chartered Accountants

per Subhabrata Ghosh Dastidar
Partner

Membership No.: 060717

Place: Gurugram

Date: 16 NOV 2018



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

	As at September 30, 2018 (Unaudited)	As at March 31, 2018 (Audited)
<u>Assets</u>		
Non-current assets		
Property, plant and equipment	36,184	36,405
Capital work-in-progress	65	507
Financial assets		
Loans	2,163	2,161
Other financial assets	3,575	1
Deferred tax assets (net)	33	62
Income tax assets (net)	90	46
Other non-current assets	485	298
Total non-current assets	42,595	39,480
Current assets		
Financial assets		
Investment	107	242
Trade receivables	1,116	1,166
Cash and cash equivalents	1,042	1,880
Other bank balances	692	1,234
Loans	2,653	-
Other current financial assets	741	759
Other current assets	253	88
Total current assets	6,604	5,369
Total assets	49,199	44,849
<u>Equity and liabilities</u>		
Equity		
Capital	108	42
Other Equity	6,813	7,485
Total equity	6,921	7,527
Non-current liabilities		
Financial liabilities		
Borrowings	35,722	31,975
Other financial liabilities	-	331
Provisions	168	162
Deferred tax liabilities (net)	830	271
Other non-current liabilities	1,425	1,564
Total non-current liabilities	38,145	34,303
Current liabilities		
Financial liabilities		
Borrowings	2,293	711
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	191	184
Other current financial liabilities	1,544	2,018
Other current liabilities	105	106
Total current liabilities	4,133	3,019
Total equity and liabilities	49,199	44,849

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

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

	Six months period ended September 30, 2018 (Unaudited)	Six months period ended September 30, 2017 (Unaudited)
Income		
Revenue from operations	3,089	2,673
Other Income	14	34
Finance Income	189	78
Total income	3,292	2,785
Expenses		
Employee benefits expense	2	-
Depreciation and amortization expense	1,135	988
Finance cost*	1,591	2,891
Other expenses	305	251
Total expenses	3,033	4,130
Profit/(Loss) before tax	259	(1,345)
Tax expense:		
Current tax expense	117	5
Deferred tax expense	64	33
Total tax expense	181	38
Net profit/(loss) after tax	78	(1,383)
Other Comprehensive Income		
Items that will be reclassified to profit or loss		
Effective Portion of Cash flow hedges	3,316	395
Income tax effect	(497)	(59)
	2,819	336
Foreign currency translation reserve	(3,787)	(679)
Income tax effect	-	-
Total other comprehensive loss	(968)	(343)
Total comprehensive loss after tax	(890)	(1,726)

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

* Includes non-cash expense on account of translation of US Dollar expense to INR of 97 million (September 30, 2017: INR 3 million). The Company has taken a hedge against the exposure and does not result in a cash outflow.

Restricted Group
Unaudited Interim Condensed Combined Statement of Changes in Equity

(INR amount in millions, unless otherwise stated)

Other equity*

For the period ended September 30, 2018:

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

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#	
At April 01, 2017	(1,573)	10,333	4	-	-	8,764
Loss for the year	(1,329)	-	-	-	-	(1,329)
Securities premium on account of issue of equity shares/Compulsorily Convertible Debentures during the year	-	386	-	-	-	386
Equity component of Compulsorily Convertible Debentures issued during the year	-	-	1	-	-	1
Other comprehensive income/(loss)	-	-	-	(547)	210	(337)
At March 31, 2018	(2,902)	10,719	5	(547)	210	7,485

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

Refer note 6 & 7

Restricted Group**Unaudited Interim Condensed Combined Statement of Cash Flows**

(INR amount in millions, unless otherwise stated)

	For the period ended September 30, 2018 (Unaudited)	For the period ended September 30, 2017 (Unaudited)
A Cash flows from/(used in) operating activities		
Loss before tax	259	(1,345)
Adjustment to reconcile loss before tax to net cash flows		
Depreciation/amortization	1,135	988
Exchange difference (net)	5	(26)
Loss on sale of fixed assets (net)	3	-
Change in fair value of option contracts	-	8
Interest income	(195)	(78)
Net gain on sale of current investments	(5)	(4)
Finance cost	1,591	2,891
Operating profit before working capital changes	2,793	2,434
Movements in working capital:		
Decrease/(increase) in other financial assets	116	(22)
Decrease/(increase) in trade receivables	50	(421)
Decrease/(increase) in other current assets	(166)	30
Increase/(decrease) in trade payables	2	153
Decrease/(increase) in other non-current assets	(36)	22
Increase/(decrease) in other non-current liabilities	90	-
Increase/(decrease) in other financial and current liabilities	24	20
Cash generated from operations	2,873	2,216
Direct taxes paid (net of refunds)	(160)	(7)
Net cash flow from operating activities	(A) 2,713	2,209
B Cash flows from/(used in) investing activities		
Purchase of tangible/intangible fixed assets (including capital work in progress and capital advance)	(781)	(7,634)
Security deposit	(2)	-
Interest received	97	89
Proceeds from sale of mutual funds (net)	140	-
Inter Corporate Loans	(2,653)	(2,174)
Investment in bank deposits (having the original maturity of more than three months)	183	153
Net cash flow used in investing activities	(B) (3,016)	(9,566)
C Cash flows from/(used in) financing activities		
Proceeds from issue of equity shares and Compulsorily Convertible Debentures	66	737
Option premium paid	-	(8)
Proceeds from borrowings (net)	1,950	10,004
Repayments of short-term borrowings from holding/fellow subsidiary companies	(350)	-
Payment for hedging arrangements	(821)	-
Finance cost	(1,391)	(2,155)
Net cash flow from/(used in) financing activities	(C) (546)	8,578
Foreign currency translation reserve	(D) 11	(679)

Restricted Group**Unaudited Interim Condensed Combined Statement of Cash Flows**

(INR amount in millions, unless otherwise stated)

	For the period ended September 30, 2018 (Unaudited)	For the period ended September 30, 2017 (Unaudited)
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	(838)	542
Cash and cash equivalents at the beginning of the year	1,880	1,599
Cash and cash equivalents at the end of the year	1,042	2,141
Components of cash and cash equivalents		
Balances with schedule banks:		
- On current accounts	337	901
- Deposits with original maturity of less than 3 months	705	1,240
Total cash and cash equivalents	1,042	2,141

Notes:

- 1 The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) on "Statement of Cash Flows" referred to Section 133 of Companies Act 2013.
- 2 The accompanying notes are an integral part of the unaudited interim condensed combined financial statements.

Restricted Group

Notes to Unaudited Interim Condensed Combined Financial Statements

(INR amount in millions, unless otherwise stated)

1. General Information

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

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

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

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2018	March 31, 2018	September 30, 2017
Azure Power Energy Limited	Bond Issuance	Mauritius	100%	100%	100%
Azure Power (Punjab) Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power (Haryana) Private Limited	Generation of Solar power	India	99.17%	96.97%	96.97%
Azure Urja Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Surya Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power (Karnataka) Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Photovoltaic Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Infrastructure Private Limited	Generation of Solar power	India	100%	100%	71.42%
Azure Power (Raj.) Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Green Tech Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Renewable Energy Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%

Restricted Group**Notes to Unaudited Interim Condensed Combined Financial Statements**

(INR amount in millions, unless otherwise stated)

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2018	March 31, 2018	September 30, 2017
Azure Clean Energy Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Sunrise Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Sunshine Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Eris Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Mars Private Limited	Generation of Solar power	India	99.99%	99.99%	99.99%
Azure Power Pluto Private Limited	Generation of Solar power	India	51.63%	51.63%	51.63%
Azure Power Thirty Seven Private Limited	Generation of Solar power	India	99.31%	95.22%	95.22%

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

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

3. Basis of preparation

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

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

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

Restricted Group

Notes to Unaudited Interim Condensed Combined Financial Statements

(INR amount in millions, unless otherwise stated)

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

The non-controlling interest held by outsiders amounts to INR 815 million and INR 832 million as of September 2018 and March 2018 respectively. Share capital and reserves disclosed in the Ind AS unaudited interim condensed combined financial statements is not the legal capital and reserves of the Restricted Group and is the aggregation of the share capital and reserves of the individual combining entities. Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

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

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

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

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

4. Summary of significant accounting policies

The Ind AS unaudited interim condensed combined financial statements have been prepared in accordance with the accounting policies adopted in the Restricted Group's last audited annual financial statements for the period ended March 31, 2018. The presentation of the Ind AS unaudited interim condensed combined financial statements is consistent with the audited Combined Financial Statements for the period ended March 31, 2018.

5. Adoption of Ind AS 115, *Revenue from Contracts with Customers*

The Ministry of Corporate Affairs (MCA) has notified the new revenue recognition standard - Ind AS 115, *Revenue from Contracts with Customers* on 29th March, 2018. Ind AS 115 would be applicable for accounting periods beginning on or after April 1, 2018. This Standard supersedes the existing standards on revenue, i.e Ind AS 18, *Revenue* and Ind AS 11, *Construction Contracts*. In addition, there are disclosure requirements related to the nature, amount, timing, and uncertainty of revenue recognition. The core principle of the Standard is that an entity should recognise 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 followed 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.

Under Ind AS 115, total consideration for customer agreements with scheduled price changes (price escalation in one entity namely, Azure Power Infrastructure Private Limited with 50 MW of operating capacity and price decrease in one entity namely, Azure Power (Haryana) Private Limited. with 10 MW of operating capacity) and for significant financing component, is estimated and recognized over the term of the agreement. This accounting for price escalators creates an unbilled receivable and price decrease creates a deferred revenue balance for the first half of the agreement which is then reduced over the second half. The Restricted Group under the new revenue recognition guidance recognized deferred revenue for the price decrease in 10 MW solar power plant and recognized the cumulative effect of the transition under the modified retrospective for the price escalation on the 50 MW solar power plant.

Restricted Group**Notes to Unaudited Interim Condensed Combined Financial Statements**

(INR amount in millions, unless otherwise stated)

The carrying value of the unbilled receivable were INR 139 million and INR 99 million as of September 30, 2018 and March 31, 2018, respectively and deferred revenue of INR 446 million and INR 423 million as of September 30, 2018 and March 31, 2018, respectively.

The Company adopted Ind AS 115 effective from April 1, 2018 using the modified retrospective method with a cumulative adjustment of INR 218 million to retained earnings. Adoption Ind AS 115, resulted creation of deferred tax liability of INR 27 million as of March 31, 2018.

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

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

Restricted Group

Results of operations – Unaudited Interim condensed combined financial statements

(INR amount in millions, unless otherwise stated)

Six Months Period Ended September 30, 2018 Unaudited Interim Condensed Combined Financial Results:

Operating Revenue

Sale of power

Operating revenue for the six months period ended September 30, 2018 was INR 3,089 million, an increase of 16% from INR 2,673 million over the same period in 2017. The increase in revenue was driven by the commissioning of new projects.

Other Income

Other income for the Restricted Group for the six months period ended September 30, 2018 decreased by INR 28 million, or 93% to INR 2 million over the same period in 2017. The decrease was primarily due to foreign exchange difference as compared to previous period.

Operating expenses (exclusive of depreciation and amortization)

Operating expense for the six months period ended September 30, 2018 increased by 22% to INR 307 million from INR 251 million in the same period in 2017. The increase was primarily due to plant maintenance cost for newly commissioned projects.

Depreciation and Amortization Expenses

Depreciation and amortization expenses during the six months period ended September 30, 2018 increased by 15%, to INR 1,135 million from INR 988 million compared to the same period in 2017. The principal reason for the increase was due to charge of depreciation of new projects that commenced operations during fiscal year 2018.

Finance Income

Finance income mainly consist of interest income. Finance income during the six months period ended September 30, 2018 increased by INR 119 million, or 145%, to INR 201 million compared to the same period in 2017 as a result of an increase in interest income during the period.

Finance cost

Net interest expense during the six months period ended September 30, 2018 decreased by 45%, to INR 1,591 million from INR 2,891 million compared to the same period in 2017. The principal reason was due to non-cash write offs of unamortised deferred financing cost of INR 522 million on account of financing with Green Bonds and one-time prepayment fees of INR 662 million for debt refinancing related to the Green Bonds in period ended September 30, 2017.

Tax Expenses

Income tax expense for the Restricted Group during the six months period ended September 30, 2018 increase by INR 112 million to INR 117 million, compared to the period ended September 30, 2017. The increase in income tax expense was largely attributable withholding tax deposited by restricted group entities towards interest on external commercial borrowing and nonconvertible debentures issued by APEL.

Liquidity and Capital Resources

Cash Flow from operating activities

Cash generated from operating activities for the six months period ended September 30, 2018 was INR 2,713 million, compared to INR 2,209 million in the same period in 2017, primarily due to an increase in revenue during the six months period ended September 30, 2017.

Restricted Group**Results of operations – Unaudited Interim condensed combined financial statements**

(INR amount in millions, unless otherwise stated)

Cash Flow used in investing activities

Cash used in investing activities for the six month period ended September 30, 2018 was INR 3,016 million, compared to INR 9,566 million in the same period in 2017, primarily due purchases of property, plant and equipment for new projects and intercorporate deposits.

Cash Flow from financing activities

Cash generated used in financing activities was INR 546 million for the six months period ended September 30, 2018, compared to cash from financing activities INR 8,578 million for the prior comparable period. This primarily includes finance cost paid INR 1,391 million, payment of hedge cost INR 821 million, repayment of short-term borrowing 350 million and offset by proceeds from financial institution by INR 1950 million.

Liquidity Position

As of September 30, 2018, Restricted Group had INR 1,841 million of cash, cash equivalents and current investments and other bank balances.

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

Combined EBITDA of Restricted Group was INR 2,990 million for the six months period ended September 30, 2018, compared to INR 2,508 million for the same period in 2017. This was primarily due to the increase in revenue during the period.

Combined EBITDA has been computed as follows:

	Six months ended September 30,	
	2018	2017
Revenue from Operations (I)	3,089	2,673
Other income ((II)	14	34
Operating expenses (III)	307	251
Finance income (IV)	189	78
Foreign exchange loss/(gain) (I)	5	(26)
Combined EBITDA {(I) + (II) - (III) + (IV) + (V)}	2,990	2,508

Subsequent event

The Company evaluated all other events or transactions that occurred after September 30, 2018. Based on this evaluation, the Company is not aware of any event or transactions that would require recognition or disclosure in the Ind AS Unaudited Interim condensed combined financial statements.