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Amortization of deferred financing costs recorded as interest expense was INR 1,546,875 and INR 1,287,854 during the three-month periods ended March 31, 2015 and 2014, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset's carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of Income. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the three-month periods ended March 31, 2015 and the year ended December 31, 2014.

Asset retirement obligations

The Companies operate under real property operating lease agreements that include a requirement for the removal of the wind energy systems at the end of the term of the agreement. Asset retirement obligations are recognized at fair value in the period in which they are incurred and the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its expected future value. The corresponding asset capitalized at inception is depreciated over the useful life of the wind energy system.

Revenue recognition*Power purchase agreements*

The Companies' revenues are obtained through the sale of energy pursuant to terms of power purchase agreements ("PPAs") or other contractual arrangements which have remaining lives of 15-25 years as of March 31, 2015. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases is recorded as income when the electricity is delivered. The contingent rental income recognized in the three-month periods ended March 31, 2015 and 2014 was INR 95,493,277 and INR 69,325,961 respectively.

Grants

For certain owned wind energy systems, we receive certified emissions rights (CERs) under the Clean Development Mechanism of United Nations Framework Convention on Climate Change. CERs are generated as our wind energy systems generate electricity. CER is recognized as revenue at the time we have transferred a CER pursuant to an executed contract relating to the sale of the CERs to a third party. Also, one of the Power Purchase Agreement provides for sharing of CER revenue with the Power Purchaser. In this case, the Power Purchaser's share of CER revenue has been netted off against total CER revenue.

The Companies are also eligible to receive generation based incentives ("GBI") based on Kwh of electricity fed to Discoms. For GBIs, production from our operated systems is certified by a third party and, once verified, revenue is recognized based on the terms of the contract and the fulfillment of all revenue recognition criteria. Income received pursuant to the GBI scheme is recorded as 'Other operating income'.

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