

RG Group II Combined
Financial Statements
For the six-months period ended
September 30, 2023

Restricted Group II Ind AS Special Purpose Combined Financial Statements as of September 30, 2023

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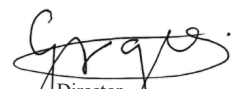
Restricted Group - II
Special Purpose Combined Balance Sheet
(All amount in INR millions, unless otherwise stated)

Particulars	As at September 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	30,587	31,107
Right-of-use assets	1,023	1,039
Capital work-in-progress	12	11
Financial assets		
- Investments	221	221
- Trade receivables	127	143
- Loans	359	1,212
- Other financial assets	7,636	6,289
Deferred tax assets (net)	304	310
Income tax assets (net)	14	52
Other non-current assets	71	66
Total non-current assets	40,354	40,450
Current assets		
Inventories	4	4
Financial assets		
- Trade receivables	909	1,100
- Cash and cash equivalents	334	355
- Other bank balances	168	174
- Loans	1,788	935
- Other financial assets	294	185
Other current assets	100	59
Total current assets	3,597	2,812
Total assets	43,951	43,262
Equity and liabilities		
Equity		
Equity share capital	73	73
Other equity	3,562	3,438
Total equity	3,635	3,511
Non-current liabilities		
Financial liabilities		
- Borrowings	33,051	32,668
- Lease liabilities	835	833
- Other financial liabilities	1,058	898
Provisions	172	162
Other non-current liabilities	988	917
Deferred tax liabilities (net)	1,404	1,483
Total non-current liabilities	37,508	36,961
Current liabilities		
Financial liabilities		
- Borrowings	464	491
- Lease liabilities	73	72
- Trade payables		
Total outstanding dues of micro and small enterprises	2	7
Total outstanding dues of creditors other than micro and small enterprises	498	482
- Other financial liabilities	1,648	1,586
Current tax liabilities (net)	-	20
Other current liabilities	81	89
Provisions	42	43
Total current liabilities	2,808	2,790
Total liabilities	40,316	39,751
Total equity and liabilities	43,951	43,262

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

For and on behalf of Restricted Group - II


Director
Place: Ebene, Mauritius
Date: 27 June 2024


Director
Place: Ebene, Mauritius
Date: 27 June 2024

Restricted Group - II**Special Purpose Combined Statement of Profit and Loss**

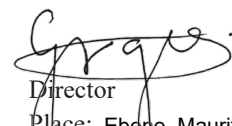
(All amount in INR millions, unless otherwise stated)

	Six months period ended September 30, 2023 (Unaudited)	Six months period ended September 30, 2022 (Unaudited)
Revenue		
Revenue from operations	2,166	2,242
Other income	71	143
Total Income (I)	2,237	2,385
Expenses		
Employee benefits expense	23	16
Other expenses	297	362
Total expenses (II)	320	378
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II) (A)	1,917	2,007
Depreciation and amortisation expense (B)	540	544
Interest income (C)	218	108
Finance costs (D)	1,563	1,503
Profit before tax (A-B+C-D)	32	68
Tax expense		
Current tax expense	128	98
Deferred tax (credit)/ charge	(137)	369
Total tax (credit)/ expense	(9)	467
Profit/ (Loss) after tax	41	(399)
Other Comprehensive Income (OCI)		
Items that will be reclassified to profit or loss		
Effective portion of cash flow hedge	418	1,087
Income tax effect on effective portion of cash flow hedge	(63)	(163)
	355	924
Exchange differences in translating the financial statements of foreign operations	(271)	(2,010)
Items that will not be reclassified to profit or loss		
Re-measurement gains/(losses) on defined benefit plans	(1)	(1)
Income tax effect	-	-
Total other comprehensive income/ (expense)	83	(1,087)
Total comprehensive income/ (expense)	124	(1,486)

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

For and on behalf of Restricted Group - II


 Director
 Place: Ebene, Mauritius
 Date: 27 June 2024


 Director
 Place: Ebene, Mauritius
 Date: 27 June 2024

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

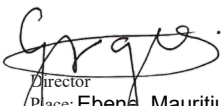
Particulars	Six months period ended September 30, 2023 (Unaudited)	Six months period ended September 30, 2022 (Unaudited)
A Cash flows from operating activities		
Profit before tax	32	68
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	540	544
Assets written off	11	9
Interest income	(218)	(108)
Loss on sale of property, plant and equipment (net)	1	20
Liabilities no longer required written back	(1)	-
Government grants related to assets	(4)	(4)
Deferred viability gap funding income	(14)	(15)
Interest income on performance bank guarantee	(1)	-
Exchange difference	-	1
Allowance for doubtful trade receivables (net)	(7)	42
Loss on account of modification of contractual cash flows	-	6
Finance cost	1,563	1,503
Operating profit before working capital changes	1,902	2,066
Movements in working capital:		
Decrease in trade receivables	223	98
(Increase) in other current/ non-current financial assets	(21)	(84)
(Increase) in other current assets	(40)	(83)
(Decrease)/ increase in other current/ non-current financial liabilities	(47)	287
Increase in other current liabilities	(8)	(5)
Increase in trade payables	13	67
Increase in other non-current liabilities	89	1
Decrease in other non-current assets	2	2
(Increase) in inventories	-	(4)
Decrease in current provisions	(2)	(1)
Increase in non-current provisions	2	-
Cash generated from operations	2,113	2,344
Income taxes paid (net of refunds)	(110)	(104)
Net cash flows from operating activities (A)	2,003	2,240
B Cash flows used in investing activities		
Purchase of property, plant and equipment (including capital work in progress, capital advances and capital creditors)	(31)	(134)
Interest received	100	214
(Net investment)/ proceeds from in bank deposits (having the original maturity of more than three months)	(817)	115
Loan to holding/fellow subsidiary companies	-	(1,054)
Net cash flows used in investing activities (B)	(748)	(859)
C Cash flows used in financing activities		
Proceeds from borrowings	14	35
Repayment of borrowings	-	(37)
Payment of lease liabilities	(41)	(52)
Payment for hedging arrangements	(427)	(465)
Finance cost paid	(843)	(1,112)
Net cash flows used in financing activities (C)	(1,297)	(1,631)
Effect of exchange rate changes on cash and cash equivalents (D)	21	(158)
Net decrease in cash and cash equivalents (A+B+C+D)	(21)	(408)
Cash and cash equivalents at the beginning of the period	355	661
Cash and cash equivalents at the end of the period	334	253
Components of cash and cash equivalents		
Balances with banks:		
- On current accounts	240	138
- Deposits with original maturity of less than 3 months	94	115
Total cash and cash equivalents	334	253

Notes:

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

For and on behalf of Restricted Group - II


Director
Place: Ebene, Mauritius
Date: 27 June 2024


Director
Place: Ebene, Mauritius
Date: 27 June 2024

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

(a) Statement of changes in equity*

Shares (Aggregate of Restricted Group - II entities):

At April 01, 2022

Changes during the year

At March 31, 2023

Changes during the period

At September 30, 2023

Number of shares	Amount (In million)
71,26,399	73
-	-
71,26,399	73
-	-
71,26,399	73

* Equity share capital represents the aggregate amount of share capital of Restricted Group - II entities as at the respective period ends and does not necessarily represent legal share capital for the purpose of the Restricted Group - II.

(b) Other equity**

For the period ended September 30, 2023 (Unaudited):

Particulars	Reserves and surplus		Items of other comprehensive income			Total equity
	(Deficit)/surplus in the combined statement of profit and loss	Securities premium reserve	Exchange differences on translating the financial statements of foreign operations	Defined benefit plans	Effective portion of Cash flow hedges	
At April 01, 2023	(4,417)	9,872	(4,233)	-	2,216	3,438
Profit for the period	41	-	-	-	-	41
Other comprehensive income/ (expense)	-	-	(271)	(1)	355	83
At September 30, 2023	(4,376)	9,872	(4,504)	(1)	2,571	3,562

For the year ended March 31, 2023 (Audited):

Particulars	Reserves and surplus		Items of other comprehensive income			Total equity
	Deficit in the combined statement of profit and loss	Securities premium reserve	Exchange differences on translating the financial statements of foreign operations	Defined benefit plans	Effective portion of Cash flow hedges	
At April 01, 2022	(3,816)	9,872	(2,008)	(1)	894	4,941
Loss for the year	(601)	-	-	-	-	(601)
Other comprehensive income/ (expense)	-	-	(2,225)	1	1,322	(902)
At March 31, 2023	(4,417)	9,872	(4,233)	-	2,216	3,438

For the period ended September 30, 2022 (Unaudited):

Particulars	Reserves and surplus		Items of other comprehensive income			Total equity
	(Deficit)/surplus in the combined statement of profit and loss	Securities premium reserve	Exchange differences on translating the financial statements of foreign operations	Defined benefit plans	Effective portion of Cash flow hedges	
At April 01, 2022	(3,816)	9,872	(2,008)	(1)	894	4,941
Loss for the period	(399)	-	-	-	-	(399)
Other comprehensive income/ (expense)	-	-	(2,010)	(1)	853	(1,158)
At September 30, 2022	(4,215)	9,872	(4,018)	(2)	1,747	3,384

** Other equity represents the aggregate amount of other equity of Restricted Group-II entities as at the respective period ends.

Notes:

(i) Deficit/ Surplus in the statement of profit and loss are the losses/Profit of the Restricted Group - II incurred till date net of appropriations.

(ii) Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(iii) Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

Restricted Group - II
Notes to Special Purpose Combined Financial Statements
(All amount in INR millions, unless otherwise stated)

1. General Information

Azure Power Solar Energy Private Limited ("APSEPL" or "the Company") was incorporated on April 02, 2018 as a private company limited by shares incorporated under laws of Mauritius. The Company is a wholly-owned subsidiary of Azure Power Global Limited (the "Parent") and has its registered office at C/o. AAA Global Services Ltd., 4th Floor, Iconebene, Rue De L'institut, Ebène 80817, Republic of Mauritius.

The Parent and its subsidiaries (herein collectively referred to as the "Group") carry out business activities relating to generation of electricity through 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.

APSEPL and 10 Indian subsidiaries (as listed below) of Azure Power Global Limited (APGL) form part of "Restricted Group - II". During the year ended March 31, 2020, the Company issued US\$ Senior Notes to institutional investors and same are listed on Singapore Exchange Securities Trading Limited (SGX-ST). APSEPL 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- II. Restricted entities are directly or indirectly under common control of the parent.

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

Entities	Principle Activity	Country of Incorporation	% Held by Parent		
			September 30, 2023	March 31, 2023	September 30, 2022
Azure Power Solar Energy Private Limited	Debt financing	Mauritius	100%	100%	100%
Azure Power Earth Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Makemake Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Mercury Private Limited	Generation of Solar power	India	51.4%	51.4%	51.4%
Azure Power Uranus Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Venus Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Saturn Private Limited	Generation of Solar power	India	51.4%	51.4%	51.4%
Azure Power Thirty Three Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Thirty Four Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Thirty Six Private Limited	Generation of Solar power	India	100%	100%	100%
Azure Power Forty Four Private Limited	Generation of Solar power	India	51.4%	51.4%	51.4%

2. Purpose of the special purpose combined financial statements

These are special purpose 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 special purpose combined financial statements presented herein reflect the Restricted Group- II'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 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 – II to prepare Ind AS combined financial statements of the Restricted Group – II for the purpose of submission to the bond holders. The special purpose combined financial statements of the Restricted Group - II have been prepared in accordance with recognition and measurement principles laid down by the Indian Accounting Standards (Ind AS) and disclosures (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 subsequent amendments thereto 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).

The Special Purpose Combined Financial Statements have been prepared in accordance with Ind AS 34, Interim Financial Reporting. The Special Purpose Combined Financial Statements do not include all the information and disclosures required in the annual financial statements.

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

As per the Guidance Note on Combined and Carve Out Financial Statements, the procedure for preparing combined financial statements of the combining entities is the same as that for consolidated financial statements as per the applicable Indian 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 - II.

The non-controlling interest held by outsiders amount to INR 125 million and INR 124 million as of September 30, 2023 and March 31, 2023 respectively. Share capital and reserves disclosed in the combined financial statements are not the legal capital and reserves of the Restricted Group - II 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.

Restricted Group - II
Notes to Special Purpose Combined Financial Statements
(All amount in INR millions, unless otherwise stated)

Accordingly, the procedures followed for the preparation of the special purpose 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 - II (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 - II that would have occurred if it had operated as a separate stand-alone group of entities during the period presented or the Restricted Group - II's future performance.

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

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 - II's accounting policies.

Summary of significant accounting policies

4. The special purpose combined financial statements have been prepared in accordance with the accounting policies adopted in the Restricted Group - II's last audited annual financial statements for the year ended March 31, 2023. The presentation of the Special purpose combined financial statements is consistent with the audited Combined Financial Statements for the year ended March 31, 2023.

5. During the year ended March 31, 2020, APSEPL has issued 5.65% US\$ denominated Senior Notes ("5.65% Senior Notes" or "Green Bonds") and raised INR 24,400 million net off of discount on issue of INR 7 million at 0.03% and issuance expenses of INR 397 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, APSEPL invested the proceeds in INR denominated Non-Convertible Debentures (NCDs) and External Commercial Borrowings (ECBs) within the Restricted Group- II. The interest on the Senior Notes are payable on a semi-annual basis and the principal amount is payable in December 2024.

6. 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.

7. Contracts designated as Cash flow hedge

The Company has hedged the foreign currency exposure risk related to certain investments in Restricted Group - II 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. When the relationship between the hedged items and hedging instrument is highly effective at achieving offsetting changes in cashflows attributable to the hedged risk, the Company records in other comprehensive income the entire change in fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness. 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 September 30, 2023.

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 - II determined the cost of hedge at the time of inception of the contract was INR 4,064 million and recorded an expense of INR 455 million and INR 434 during the six-months ended September 30, 2023 and September 30, 2022 respectively.

The following table presents outstanding notional amount and balance sheet location information related to foreign exchange derivative contracts as of September 30, 2023 and March 31, 2023:

	Foreign currency option contracts	
	As at September 30, 2023	As at March 31, 2023
	(Unaudited)	(Audited)
Notional Amount (USD in millions)	350	350
Non-current- Other financial assets (INR in millions)	4,043	3,540
Current- Other financial liabilities (INR in millions)	892	781

Restricted Group - II**Notes to special purpose combined financial statements**

(All amount in INR millions, unless otherwise stated)

8. Fair values**Set out below, is a comparison by class of the carrying amounts and fair value of the Restricted Group - II's financial instruments :**

Particulars	Carrying value		Fair value	
	As at September 30, 2023	As at March 31, 2023	As at September 30, 2023	As at March 31, 2023
Financial assets at amortised cost				
Non-current trade receivables	127	143	127	143
Non-current security deposits	4	4	4	4
Performance bank guarantee receivable	8	8	8	8
Loans to holding company	347	1,200	347	1,200
Loans to other	4	-	4	-
Other financial assets	3,555	2,720	3,555	2,720
Financial assets at fair value				
Derivative instruments at fair value through OCI *	4,043	3,540	4,043	3,540
Total	8,088	7,615	8,088	7,615
Financial liabilities at amortised cost				
5.65% Senior Notes **	28,958	28,616	26,635	27,780
Loans from holding company **	-	14	-	14
Loans from fellow subsidiaries **	69	1	69	1
Loans from other **	837	811	837	811
Deferred payment liabilities **	4,245	4,099	4,245	4,099
Other financial liabilities	-	894	-	894
Financial liabilities at fair value				
Derivative instruments at fair value through OCI*	892	781	892	781
Total	35,001	35,216	32,678	34,380

The management assessed that fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, unbilled revenue, viability gap funding receivable (VGF), loan to related parties, receivable from related parties, security deposits received, current borrowings, interest accrued, payable for capital goods, 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 transactions between market participants at measurement date.

Investments in subsidiaries are classified as equity investments have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

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

Measured at fair value:

* The respective companies under the Restricted Group - II 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 - II 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.

At amortised cost:

** The fair values of the interest-bearing borrowings and loans of Restricted Group - II 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 September 30, 2023 was assessed to be insignificant.

9. Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at September 30, 2023:

Carrying value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortised cost			
Non-current trade receivables	127	-	127
Non-current security deposits	4	-	4
Performance bank guarantee receivable	8	-	8
Loans to holding company	347	-	347
Loans to other	4	-	4
Other financial assets	3,555	-	3,555

Financial assets at fair value

Derivative instruments at fair value through OCI	4,043	-	4,043	-
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There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at September 30, 2023:

Carrying value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at amortised cost			
5.65% Senior Notes	28,958	-	26,635
Loans from fellow subsidiaries	69	-	69
Loans from other	837	-	837
Deferred payment liabilities	4,245	-	4,245

Financial liabilities at fair value

Derivative instruments at fair value through OCI	892	-	892	-
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There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023:

Carrying value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortised cost			
Non-current trade receivables	143	-	143
Non-current security deposits	4	-	4
Performance bank guarantee receivable	8	-	8
Loans to holding company	1,200	-	1,200
Other financial assets	2,720	-	2,720

Financial assets at fair value

Derivative instruments at fair value through OCI	3,540	-	3,540	-
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There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2023:

Carrying value	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at amortised cost			
5.65% Senior Notes	28,616	-	27,780
Loans from holding company	14	-	14
Loans from fellow subsidiaries	1	-	1
Loans from other **	811	-	811
Deferred payment liabilities	4,099	-	4,099
Other financial liabilities	894	-	894

Financial liabilities at fair value

Derivative instruments at fair value through P&L	781	-	781	-
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There have been no transfers between Level 1 and Level 2 during the period.

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, as applicable, approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investments in subsidiaries are classified as equity investments have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

10. Segment reporting

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

11. Whistle blower complaint

For the status of the whistle blower investigations and special committee investigation, please refer to Note 42 "Whistle-blower complaints" of the Special purpose Combined financial statements of Restricted Group-III for the year ended March 31, 2023.

12. As per the provision of the Companies Act, 2013, a Company is required to convene the Annual General Meeting ("AGM") for adoption of its annual audited financial statements within the six months from the end of the financial year, i.e. September 30 ("Due Date"). The Registrar of Companies ("ROC") granted three months extension to the several Restricted Group-II SPVs to hold the AGMs for financial year 2021-22 and 2022-23 on or before December 31, 2022, and December 31, 2023, respectively. Considering the delay in closure of audit due to ongoing whistle blower investigations, several Restricted Group-II SPVs were not able to hold the AGM for financial year 2021-22 and 2022-23 within the extended timelines as stated above. The AGM for financial year 2021-22 were held during February'2024, and the AGM for financial year 2022-23 were held during May'2024.

These Restricted Group-II SPVs will apply for compounding of the offence for not holding the AGM for Financial year 2021-22 and 2022-23 on or before December 31, 2022, and December 31, 2023, respectively and liable to pay penalties as may be imposed by ROC. Management is unable to ascertain the amount for these offences and hence no accruals for the same has been taken in these financial statements.

13. A PIL had been initiated by certain individuals claiming to be wildlife experts/interested in conservation of wildlife, before the Supreme Court of India against various state governments such as Rajasthan, Gujarat, and MNRE, MOP among others, seeking protection of the two endangered bird species, namely the Great-Indian Bustard (GIB) and the Lesser Florican found in the states of Rajasthan and Gujarat. The Supreme Court by way of order dated April 19, 2021 issued directions to: (i) underground all low voltage transmission lines, existing and future lines falling in potential and priority habitats of GIB, (ii) to convert all existing high voltage lines in priority and potential areas of GIB where found feasible within a period of one year, if not found feasible, the matter to be referred to the committee formed by the Supreme Court which will take a decision on feasibility, and (iii) to install bird diverters on all existing overhead lines in the interim.

The Restricted group along with many other developers have projects in the potential area as determined by the court, hence aggrieved by the order, the Solar Power Developers Association ("SPDA") and Union of India have filed an application before the Supreme Court seeking among others, exemption from undergrounding of transmission lines in potential areas. The matter was last listed on November 30, 2022, whereby directions have been passed to parties to ensure installation of bird diverters in the Priority Area and for them to be in compliance with quality standards issued by the Supreme Court Committee. As per the directions of Supreme Court, for its solar power plant, the Restricted Group installed bird diverters (as applicable) in the habitats of Great-Indian Bustard during FY 2022-23. The PIL is presently pending. The SPDA has filed an application seeking modification of Supreme Court's order dated April 19, 2021. Further, the Supreme Court vide its order dated March 21, 2024 modified its earlier order dated April 19, 2021 directing the Central Government to constitute an expert committee to examine the issue of installing overhead and underground powerlines in the priority areas marked for the conservation of the Great Indian Bustard. The expert committee on the GIB issue will, inter-alia, look into (i) the scope and feasibility of laying down underground and overhead transmission lines, (ii) measures for the conservation of GIB, and (iii) identifying suitable alternatives for laying down power lines in the future. The expert committee is required to submit its report latest by July 31, 2024. Citing practical difficulties in laying down underground transmission lines, the Supreme Court has also restricted the requirement of laying down underground transmission lines only to the priority area (covering roughly 13,163 sq km). If the modification application is dismissed, Restricted Group might entail significant costs and delays.

14. On December 14, 2023, Azure Power Solar Energy Private Limited ("APSEPL") completed a consent solicitation (the "Consent Solicitation") in respect of the 5.65% Senior Notes due 2024 (the "2024 Notes"). APSEPL sought the consent of the Noteholders of the 2024 Notes to amend certain terms of the indenture dated as of September 24, 2019 (the "2024 Indenture"). The purpose of the consent solicitation was to: (i) undertake to make tender offers to purchase an outstanding principal amount of U.S.\$40,000,000 of the 2024 Notes by March 25, 2024; (ii) make certain amendments and provide certain confirmations with respect to the reporting covenant of each of the Indentures; and (iii) make certain amendments to the restricted payments and limitations on amendments of onshore debt covenants in the 2024 Indenture to allow for the implementation of a cash-neutral intercompany transaction (the "proposed amendments").

The consent solicitation was announced on November 28, 2023. The deadline to submit consent instructions expired at 5:00 pm New York time on December 07, 2023. Over 99% consent instructions were received. On December 08, 2023, APSEPL executed a supplemental indenture with Azure Power Global Limited (as Parent), the trustee and the collateral agents to implement the proposed amendments. On December 14, 2023, the consent fee was paid and the proposed amendments became operative.

Pursuant to the terms of the amended Indentures, the Company, in conjunction with the other members of the restricted group (collectively referred to as Restricted Group-II), is mandated to submit its Combined Annual Financial Statements within 30 days to Trustee following the submission of financials by the Ultimate Parent Company to the Securities Exchange Commission ("SEC"). However, if the Ultimate Parent Company does not file the said results with SEC and the Common Stock of the Ultimate Parent Company is not listed for trading on an internationally recognised stock exchange, the Ultimate Parent Company has a window of 120 days post the fiscal year-end to file these financials with the Trustee. Accordingly, on July 13, 2023, the Ultimate Parent Company received a delisting notification from the New York Stock Exchange ("NYSE"), indicating the decision to delist its equity shares and on April 01, 2024, the Ultimate Parent Company terminated and/or suspended its duty to file the reports/result with SEC. Accordingly, the Ultimate Parent Company now has a window of 120 days post the fiscal year-end to file these financials with the Trustee.

Further, as per the terms of the amended Indentures, APSEPL launched tender offers for the 2024 Notes on February 16, 2024. The early deadline of the tender offers was on March 01, 2024 and APSEPL purchased US\$40,000,000 of the 2024 Notes on March 11, 2024.

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

Six Months Period Ended September 30, 2023 Special Purpose Combined Financial Results:

Operating Results

Revenue from Operations

Operating revenue for the six-months period ended September 30, 2023 were INR 2,166 million, a marginal decrease of 3% from INR 2,242 million over the same period in 2022.

Other Income

Other income for the six-months period ended September 30, 2023 decreased to INR 71 million from INR 143 million over the same period in 2022 primarily on account of decrease in late payment surcharge by INR 128 million offset by increase in miscellaneous income and insurance claim received by INR 40 million and INR 8 million respectively.

Operating expenses (exclusive of depreciation and amortization)

Operating expenses for the six-months period ended September 30, 2023 decreased by 15% to INR 320 million from INR 378 million in the same period in 2022 primarily on account of decrease in allowance for doubtful trade receivables and rates and taxes by INR 42 million and INR 20 million respectively.

Depreciation and Amortization Expense

Depreciation and amortization expense for the six-months period ended September 30, 2023 decreased marginally by 1% to INR 540 million from INR 544 million in the same period in 2022.

Finance Income

Finance income mainly consist of interest income. Finance income for the six-months period ended September 30, 2023 were INR 218 million, an increase of 102% from INR 108 million over the same period in 2022. The increase is attributable to increase in interest income from term deposits and loans to group companies by INR 62 million and INR 49 million respectively.

Finance costs

Finance costs for the six-months period ended September 30, 2023 increased marginally by 4% to INR 1,563 million from INR 1,503 million in the same period in 2022.

Tax Expenses

Income tax credit for the Restricted Group - II during the six-months period ended September 30, 2023 was INR 9 million, compared to Income tax expenses of INR 467 million for the period ended September 30, 2022. The Restricted Group has recognised deferred tax credit of INR 137 million for the six months period ended September 30, 2023 against deferred tax expense of INR 369 million in the same period in 2022 on account of movement in the carrying amounts of certain assets and liabilities and their tax base.

Liquidity and Capital Resources

Cash flows from operating activities

Cash generated from operating activities for the six-months period ended September 30, 2023 was INR 2,003 million, compared to INR 2,240 million in the same period in 2022. The cash flow from operating activities during current period was lower on account of decrease in operation profit by INR 164 million (from INR 2,066 million in same period in 2023 to INR 1,902 million in six months ended September 30, 2022) and decrease in working capital changes by INR 67 million (from INR 211 million in same period in 2023 to INR 278 million in six months ended September 30, 2022).

Cash flows used in investing activities

Cash used in investing activities for the six-months period ended September 30, 2023 was INR 748 million, compared to INR 859 million in the same period in 2022. The decline in cash used is primarily due to net increase in investments in term deposits with banks by INR 932 million partially offset by net decrease in loans given to related parties by INR 1,054 million during the current period as compared to same period in 2022.

Cash flows used in financing activities

Cash used in financing activities was INR 1,297 million for the six-months period ended September 30, 2023, compared to cash used in financing activities INR 1,631 million in the same period in 2022. The reduction in cash used in financing activities is majorly attributed to decrease in finance cost and hedging cost by INR 269 million and INR 38 million respectively.

Liquidity Position

As of September 30, 2023, Restricted Group - II had INR 334 million of cash and cash equivalents and other bank balances.

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

Combined EBITDA of Restricted Group-II was INR 1,917 million for the six-months period ended September 30, 2023, compared to INR 2,007 million for the same period in 2022. This was primarily due to the decrease in late payment surcharge income during the current period.

Subsequent events

The Company/ Group evaluated all other events or transactions that occurred after September 30, 2023. Based on this evaluation, the Company/ Group is not aware of any event or transactions that would require recognition or disclosure in the Ind AS Special Purpose Combined Financial Statements.