Azure Power Global Limited
Consolidated Financial Statements
For the year ended
March 31, 2025

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CONVENTIONS USED IN THESE FINANCIAL STATEMENTS

Except where the context requires otherwise and for purposes of these financial statements only:

"Our Company", "the Company", "APGL", or "Azure Power" refers to Azure Power Global Limited on standalone basis
"We", "us", "the Group", "Azure" or "our" refers to Azure Power Global Limited, a company organized under the laws of Mauritius, together with its subsidiaries (including Azure Power Rooftop Private Limited ("AZR"), and Azure Power India Private Limited ("APIPL"), its predecessor and current subsidiaries)
"APERC" refers to Andhra Pradesh Electricity Regulatory Commission
"APTEL" refers to Appellate Tribunal for Electricity
"Awarded" refers to the capacity won and for which LoA has been received
"APIPL" a company organized under the laws of India, refers to Azure Power India Private Limited
"CDPQ" refers to Caisse de dépôt et placement du Québec
"CDPQ Infrastructures" refers to CDPQ Infrastructures Asia Pte Ltd.
"CEA" refers to Central Electricity Authority
"CEO" refers to Chief Executive Officer
"CERC" refers to the Central Electricity Regulatory Commission of India, the state level counterparts of which are referred to as "State Electricity Regulatory Commission", or "SERC"
"CFO" refers to Chief Financial Officer
"Contracted" refers to capacity won and for which a PPA has been signed with off-taker
"COO" refers to Chief Operating Officer
"CSR" refers to Corporate Social Responsibility
"Discom" refers to Distribution Company
"EPC" refers to Engineering, Procurement and Construction
"FDI" refers to Foreign Direct Investment
"GIB" refers to Great Indian Bustard
"GoI" refers to Government of India
"GST" refers to Goods and Service Tax
"GW" refers to Gigawatt
"INR", "rupees", or "Indian rupees" refers to the legal currency of India
"ISTS" refers to Inter State Transmission System
"KERC" refers to Karnataka Electricity Regulatory Commission
"LoA" refers to Letter of Award
"MNRE" refers to Ministry of New and Renewable Energy, Government of India.
"MoP" refers to Ministry of Power, Government of India
"MSEDCL" refers to Maharashtra State Electricity Distribution Co. Limited
"MSPA" refers to Master Share Purchase Agreement
"MW" refers to Megawatt
"NRLDC" refers to Northern Regional Load Despatch Centre.
"NSM" refers to the Jawaharlal Nehru National Solar Mission.
"NYSE" refers to New York Stock Exchange
"O&M" refers to Operation and Maintenance
"OMERS" refers to OMERS Infrastructure Asia Holdings Pte. Ltd.
"PIL" refers to Public Interest Litigation
"PLF" refers to Plant Load Factor
"PPA" refers to Power Purchase Agreement
"Radiance" refers to Radiance Renewables Private Limited
"RBI" refers to the Reserve Bank of India
"SEC" refers to the U.S. Securities and Exchange Commission
"SECI" refers to Solar Energy Corporation of India
"SOFR" refers to Secured Overnight Financing Rate
"U.S. GAAP" refers to the Generally Accepted Accounting Principles in the United States
"US$", "$" or "U.S. dollars" refers to the legal currency of the United States
"VGF" refers to Viability Gap Funding

In these financial statements, references to “U.S.” or the “United States” are to the United States of America, its territories and possessions, any State of the United States and the District of Columbia. References to “India” are to the Republic of India, its territories and its possessions. References to “Mauritius” are to the Republic of Mauritius.

Unless otherwise indicated, the consolidated financial statements and related notes provided here have been presented in Indian rupees and prepared in accordance with U.S. GAAP. References to a particular “Fiscal”, “fiscal”, “fiscal year” or “FY” are to our fiscal year ended March 31 of that year, which is typical in our industry and in the jurisdictions in which we operate.

These financial statements contain translations of certain Indian rupee amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise stated, the translation of Indian rupees into U.S. dollars has been made at INR 85.51 to US$1.00, which is the noon buying rate in New York City for cable transfer in non-U.S. currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2025. We make no representation that the Indian rupee or U.S. dollar amounts referred to in these financial statements could have been converted into U.S. dollars or Indian rupees, as the case may be, at any particular rate or at all.

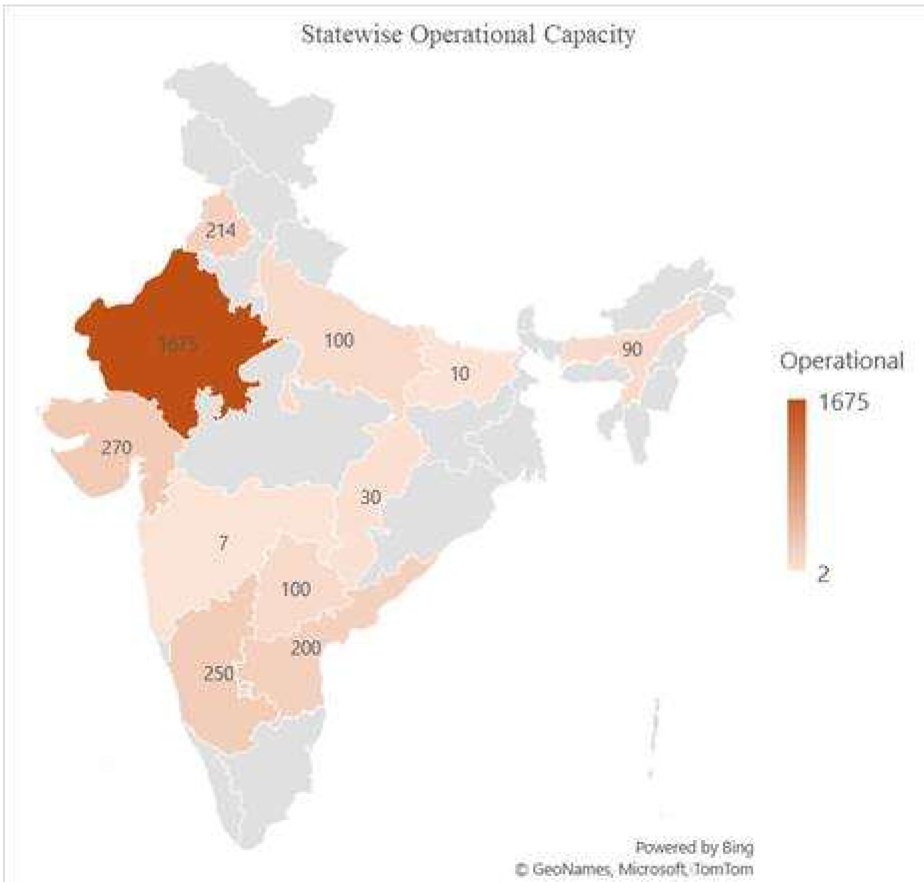
As used in these financial statements, all references to watts (e.g., megawatts, gigawatts, kilowatt hour, terawatt hour, MW, GW, kWh, etc.) refer to measurements of power generation.

I. BUSINESS, COMPANY & INDUSTRY OVERVIEW

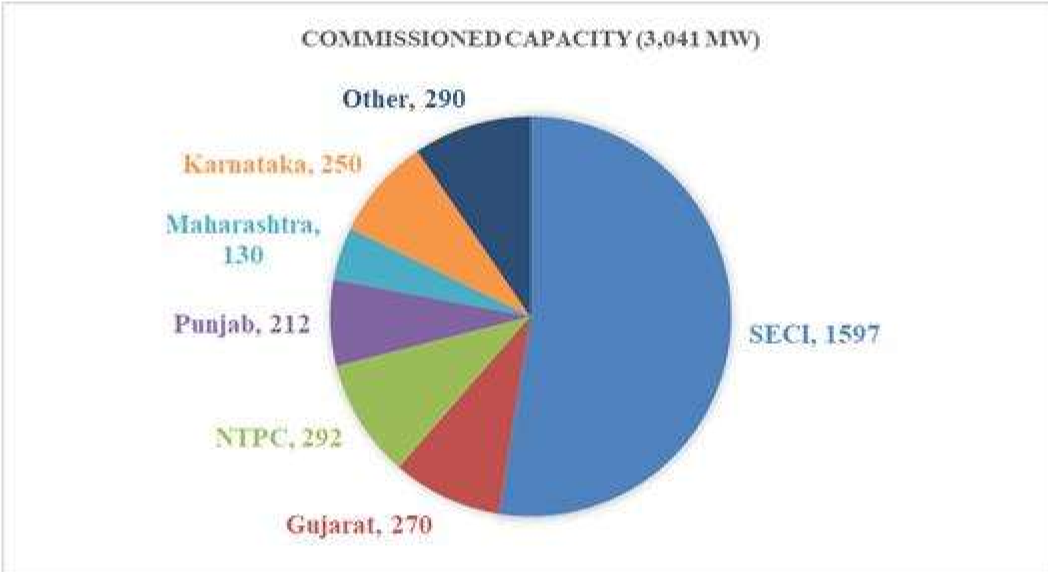
A. Business Overview

Azure is one of India's leading utility scale renewable energy project developer and operators. We build, own, and operate large grid-scale renewable energy projects that supply clean energy to India's power grid. We developed India's first utility-scale solar power project in 2009 and have grown to achieve substantial scale in the Indian renewable industry. Our operational power plants are spread over 12 Indian states (including one Union Territory), with a total operating capacity of 3,041 MW including rooftop capacity as at March 31, 2025.

The map below outlines our operational portfolio as at March 31, 2025 (excluding our rooftop portfolio of 93 MW).



We sell renewable power to our off-taker customers under long term PPAs, typically 25 years in duration, at a fixed tariff. The strength of our off-taker customers is fundamental to our business and more than 62% of our PPAs (operational capacity) are signed with top rated Central Government owned intermediaries such as SECI and NTPC. Our counterparty exposure for the commissioned capacity is set out below:



During FY 2025, we generated 5,953 million units of clean and green electricity for the Indian power grid. Our goal is to remain a leader in the renewable energy market in India. All our operating assets are currently solar. We intend to explore adding wind, hybrid and storage assets over time, to complement our solar generation capacity.

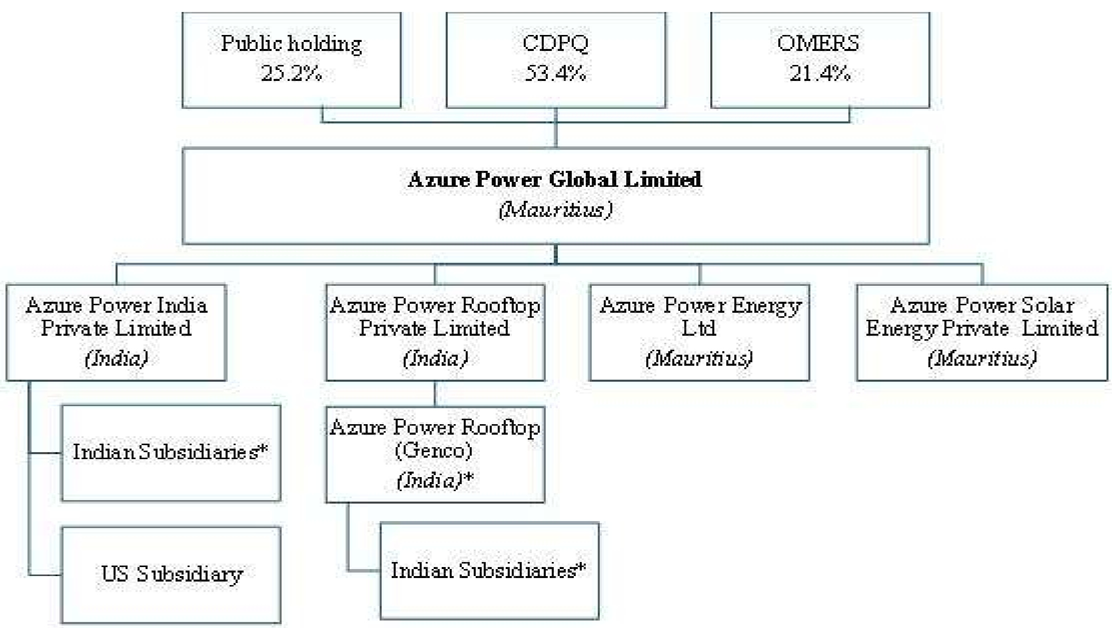
B. Company Overview

Azure Power Global Limited is a limited liability company incorporated in Mauritius. We are a renewable energy developer and independent renewable power producer, and our entire operations are currently in India. Our Green Bonds are listed on the Singapore Exchange (SGX) and include the first solar Green Bond from India. As such we are subject to regulation in three jurisdictions: Mauritius, where Azure Power is incorporated; Singapore, where our Green Bonds are traded; and India, where we operate. On November 13, 2023, our shares were delisted from NYSE. On January 29, 2024, the Company's shares ceased to be registered with the SEC pursuant to Section 12(b) of the Exchange Act. On April 1, 2024, our SEC reporting obligations under Section 15(d) of the Exchange Act were suspended and the Company no longer have an obligation to file periodic reports (annual reports on Form 20-F and Form 6-K reports) with the SEC.

Our Company's registered office is located at c/o AAA Global Services Ltd, 4th Floor, Iconebene, Rue De L'institut, Ebene, 80817, Mauritius with principal executive office located at: 8th Floor, Tower A, DLF Infinity, Cyber City, Phase II, Gurugram-122002, Haryana, India. Our telephone number at our principal executive office's location is +91 124 4155755 and our principal website address is www.azurepower.com.

Organizational Structure

The following diagram illustrates our corporate structure:



** In April 2021, we entered into a sales contract with Radiance Renewables Private Limited ("Radiance") to sell certain subsidiaries having an operating capacity of 153 MW for INR 5,350 million, subject to certain purchase price adjustments. Out of the identified rooftop portfolio of 153 MW, assets of 66.5 MW have been transferred to Radiance till date. 17.3 MW was transferred during Fiscal years 2022 and 2023, 33.2 MW was transferred in March and April 2025 and further 16 MW was transferred in May 2025. Hence, we have not considered the rooftop portfolio of 66.5 MW for reporting under total portfolio as at year end. Further, the Group and Radiance mutually terminated the transfer in shareholding of the remaining un-transferred 86.5 MW portfolio to Radiance. Hence, portfolio of 86.5 MW has been considered for reporting under total portfolio as at year end.*

II. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion of our business, financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in these financial statements. *This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "Risk Factors" and elsewhere in these* financial statements.

A. Overview

We are committed to remain a leader in the renewable energy market in India. We sell renewable power to our customers in India on long term fixed price contracts, in many cases at prices at or below prevailing alternatives for our customers. Our financial strategy is to build our renewable energy assets with the most efficient cost of capital available to us. Since we have engineering, procurement and construction as well as O&M capabilities in-house, we retain the value creation at all stages of development and operation. Through value engineering, operational performance monitoring and efficient financial strategy, we are able to deliver cost-effective energy to our customers.

We recognize revenue monthly from renewable energy sold to our customers on a per kilowatt hour basis for the electricity supplied by our renewable power plants. We sell renewable energy based on terms in PPAs.

The energy output of our plants is dependent in part on the quantum of solar irradiation at plant locations. As a result, our revenue is impacted by seasonal patterns such as shorter daylight hours in winters as well as daily and annual fluctuation in insolation. Typically, our PLF, from operational solar power plants is lowest in the third quarter and highest in the first quarter of any given fiscal year (which ends on March 31).

A significant portion of the cost of our solar power plants consists of solar photovoltaic panels (or solar modules as they are called generally), inverters and other plant equipment. Other less significant costs include the cost of land or leasehold land costs, and installation costs. Our cost of operations primarily consists of expenses pertaining to operations, maintenance and insurance of our solar power plants. These expenses include payroll and related costs for plant maintenance staff, plant maintenance, insurance and, if applicable, lease costs. The cost of financing is a significant element in the overall cost of development and operations.

Under U.S. GAAP, we depreciate the capital cost of solar power plants over the estimated useful life of 25-35 years. We typically fund our projects through a mix of project finance and sponsor equity. Our project financing agreements typically restrict the ability of our project subsidiaries to distribute funds to us unless specific financial thresholds are met on specified dates. Some of our project finance borrowings are denominated in U.S. dollars, while we seek to hedge, fluctuations in the U.S. dollar exchange rate, any unhedged foreign currency exchange exposure can adversely impact our profitability. We seek to finance longer term and at fixed rates, but some of our borrowings have variable interest rates and changes in such rates may lead to an adverse effect on our overall cost of capital.

We use certain non-financial measures to provide a comparison of our performance. The non-financial metrics include electricity generation, PLF, MW operating, MW Contracted & Awarded and MW Operating, Contracted & Awarded. We use non-financial metrics that are commonly used in the industry to help users compare us with our peers and better demonstrate growth in terms of our current capacity, as well as our future capacity. The non-financial metrics are used by analysts and investors to arrive at a fair valuation of us by projecting our future revenue as well as predicting our results.

Key Operating Metrics

Megawatts Operating and Megawatts Contracted & Awarded

We measure the rated capacity of our plants in megawatts. Rated capacity is the expected maximum output that a power plant can produce without exceeding its design limits. We believe that tracking the growth in aggregate megawatt rated capacity is a measure of the growth rate of our business.

Megawatts Operating represents the aggregate megawatt rated capacity of solar power plants that are commissioned and operational as of the reporting date.

Megawatts Contracted & Awarded represents the aggregate megawatt rated capacity of renewable power plants which include (i) PPAs signed with customers, and (ii) capacity won and allotted in auctions and where LoAs have been received but does not include the commissioned and operational capacity as of the reporting date.

The following table represents the megawatts Operating and megawatts Contracted & Awarded, which together are also called our total Portfolio, as of the end of the respective periods presented:

	As of March 31,	
	2024*	**2025***
Megawatts Operating	3,041	3,041
Megawatts Contracted & Awarded	1,237	1,087#
Megawatts Operating, Contracted & Awarded	**4,278**	4,128#

* Rooftop portfolio of 86.5 MW has been considered for reporting under total portfolio as at year end.

\# Adjusted as we are not continuing with 150 MWs solar-wind hybrid project. See “Business, Company & Industry Overview, A. Business Overview, Cancelled Projects”.

Plant Load Factor

Plant load factor, or PLF, is the ratio of the actual output of all our power plants, including rooftop portfolio, over the reporting period to their potential output if it were possible for them to operate at full rated capacity. The PLF is not the same as the availability factor. Our power plants have high availability, that is, when the sun is shining our plants are almost always able to produce electricity. The variability in our PLF is a result of seasonality, weather, air pollution, rotation of the earth, equipment efficiency losses, breakdown of our transmission system and grid unavailability. We compute PLF on the basis of PPA capacity in AC or alternate current, which is generally lower than the actual installed capacity in DC, or direct current.

We track PLF as a measure of the performance of our power plants. It indicates effective utilization of resources and validates our value engineering and operations research. Higher PLF at a plant indicates increased electricity generation. Monitoring PLF on real time allows us to respond rapidly to potential generation anomalies. PLF in AC was 22.1% for Fiscal Year 2025 compared with 22.3% for Fiscal Year 2024.

	Fiscal Year Ended March 31,	
	2024	**2025**
Plant Load Factor (AC) (%)	22.3	22.1

Electricity Generation

Electricity generation represents the actual amount of power generated by our power plants including rooftop portfolio over the reporting period. This is a measure of the periodic performance of our power plants.

	Fiscal Year Ended March 31,	
	2024	**2025**
Electricity Generation (kWh in million)	6,047	5,953

Project Pipeline

In Fiscal 2020, we won a bid for 2,000 MWs manufacturing linked project with SECI, and we also elected to exercise a greenshoe option for an additional 2,000 MWs as per auction guidelines. Out of this 4,000 MWs, PPAs for capacity of 967 MWs are pending for execution. We are under discussions with SECI towards signing PPAs for capacity of 967 MWs. For the balance 3,033 MWs for which we had executed PPAs with SECI during Fiscal 2022 and 2023, the Group will not continue with construction of these projects. For details, see section "Cancelled Projects" below.

In Fiscal 2023, We executed PPA with SECI for our first wind project of 120 MW. For this 120 MW Wind Project, the tariff was adopted by CERC (in March 2024), after a delay of more than 16 months. The approval for power procurement by one of the buying states (procuring 45 MW out of the 120 MW contracted capacity) regulatory commission was granted in May 2024. Because of the inordinate delay in getting these regulatory approvals (which is a Condition Precedent to be fulfilled by SECI and/ or the buying utility under the PPA), this tariff is no longer market competitive. Owing to this delay, and a few deviations in the PPA (from the standard bidding guidelines), we had written to SECI to withdraw their tariff adoption petition filed at CERC and made a submission to the same effect at CERC as well. Despite our submissions, the said tariff was adopted at CERC, owing to which we have filed an appeal against the CERC order at APTEL. The matter is still pending adjudication.

In addition to the above, the Group has secured/ awaiting in-principle ISTS Connectivity grant for the following:

a. 300 MW Hybrid Connectivity at 220 kV at Lakadia ISTS substation, Gujarat (in-principle connectivity grant secured)
b. 300 MW Solar Connectivity at 220 kV at Raghanesda ISTS substation, Gujarat (in-principle connectivity grant secured)
c. 600 MW Solar Connectivity at 400 kV at Bhadla-V ISTS substation, Gujarat (awaiting in-principle grant)

The PPAs for the above projects are yet to be tied-up.

Cancelled Projects

We conducted a review of our projects under contract to consider their commercial and economic viability. In addition, a Special Committee of the Board (the "Special Committee") was convened in August 2022 to review certain material projects and contracts over a three-year period for anti-corruption and related compliance issues. *See "Risk Factors - We have conducted investigations into whistle-blower complaints and other allegations* against *persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities."*

PPAs in respect of our 4,000 MWs manufacturing linked tender

Pursuant to the manufacturing linked tender award of 4,000 MW, the Group executed PPAs for a capacity of 2,333 MW with SECI, for which SECI executed a Power Sale Agreement ("PSA") with the state of Andhra Pradesh during Fiscal Year 2022. In respect of these 2,333 MW projects, two PILs were filed in the High Court of Andhra Pradesh in Fiscal Year 2022, challenging various aspects of the manufacturing linked tender and seeking to quash the Andhra Pradesh Regulator's approval for procurement of capacity tied up by Andhra Pradesh Discoms with SECI pursuant to the tender. The tariff adoption for the capacities by the CERC is subject to the outcome of the PILs. We are not a party to the PILs, and the PILs currently are pending adjudication. We cannot predict the outcome of these two PILs and an adverse decision could materially impact us.

Based on the economics and uncertainties associated with the PILs and Special Committee review, the Group decided to terminate the PPAs in respect of these 2,333 MW projects and filed a petition at the Andhra Pradesh High Court seeking a declaration that the Group should be discharged from performance of the obligations under the Andhra Pradesh PPAs for a capacity of 2,333 MW as a result of the absence of the unconditional tariff adoption order from the regulatory commission. Considering the communication received from SECI and imminent threat of encashment of Bank Guarantees of INR 1,223 million (US$ 14.3 million) as submitted by us for 2,333 MW PPAs, we obtained an interim order dated October 16, 2023 from the High Court of Andhra Pradesh restraining such encashment and any coercive action against us till the next hearing date. The next hearing date will be notified by the court in due course.

On March 18, 2024, we received two letters from SECI. In its first letter, SECI stated that it had terminated the PPAs with the Group in respect of the 2,333 MW projects and reserved its rights to act against the Group including forfeiture of the performance bank guarantees and success charges and fees in respect of the PPAs and other documentation associated with the 2,333 MW projects. In its consolidated financial statements for Fiscal Year 2023, the Group recorded a write-off of INR 254 million (US$ 3.0 million) towards irrecoverable costs and a provision of INR 1,223 million (US$ 14.3 million) towards Bank Guarantees.

In its second letter, SECI informed the Group that it was awarding the 2,333 MW projects and associated PPAs to a third-party. Further, SECI informed the Group that it had reduced Azure's capacity allocation under the manufacturing Letter of Award by 2,333 MW and its corresponding manufacturing capacity under Manufacturing Contract Agreements (MCAs) of solar cells and solar modules by 583 MW from 1,000 MW.

In light of the Special Committee review as well as economic and execution challenges, the Group decided to withdraw from the 700 MW projects which is part of the 4,000 MW manufacturing linked tender awarded by SECI. The Group continues discussions with SECI to ensure an orderly withdrawal from the 700 MW projects and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the projects The Group recognized a provision of INR 1,053 million (US$ 12.3 million) and INR 20 million (US$ 0.2 million) towards irrecoverable costs/ Bank Guarantee in relation to the 700 MW projects in its consolidated financial statements for Fiscal Year 2023 and Fiscal Year 2024 respectively. Further during Fiscal Year 2025, SECI encashed the bank guarantee amounting to INR 350 million (US$ 4.1 million), which was adjusted against the provisions recognized in earlier years.

Separately, Bank Guarantees of approximately INR 220 million (US$ 2.6 million) were submitted for obligations under module MCAs. To prevent coercive actions, including encashment of the bank guarantees, we filed a petition before the High Court of Andhra Pradesh. A stay has been granted against any coercive action including such encashment, and the next hearing date will be notified in due course.

In Fiscal Year 2025, a further provision of INR 195 million (US$ 2.3 million) was recognized towards bank guarantees related to MCAs referred to above, including delays due to reduced capacity under the MCAs.

PPA in respect of our 150 MW solar-wind Hybrid project

In case of the 150 MW solar-wind Hybrid Project, in light of economic and execution challenges, the Group decided to withdraw from the project and the associated ISTS Connectivity grant. The Group continues discussions with SECI to ensure an orderly withdrawal from the 150 MW Hybrid Project and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the Hybrid Project. In Fiscal Year, 2025, the Group recognized a provision of INR 199 million (US$ 2.3 million) towards Bank Guarantees in relation to the 150 MW Hybrid Project.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. We have identified certain accounting policies that we believe are the most critical to the presentation of our consolidated financial information over a period of time. These accounting policies may require our management to take decisions on subjective and/or complex matters relating to reported amounts of assets, liabilities, revenue, costs, expenses and related disclosures. These would further lead us to estimate the effect of matters that may inherently be uncertain.

The judgment on such estimates and underlying assumptions is based on our experience, historical trends, understanding of the business, industry and various other factors that we believe are reasonable under the circumstances. These estimates form the basis of our judgment on matters that may not be apparent from other available sources of information. In many instances changes in the accounting estimates are likely to occur from period to period. Actual results may differ from the estimates. The future financial statements presentation, financial condition, results of operations and cash flows may be affected to the extent that the actual results differ materially from our estimates.

Our material accounting policies are summarized in *Note 2—Summary of Material Accounting Policies* to our consolidated financial statements included in these financial statements.

Power Purchase Agreements

The material terms of the PPAs we have entered into and bids we have won as of the date of these financial statements for our utility scale projects are summarized in the following table.

Project Names	Commercial Operation Date [(1)]	PPA Capacity (MW)	DC Capacity (MW)	Tariff (INR / kWh) [(6)]	Off-taker	Duration of PPA in Years
				Utility Operational		
Gujarat 1.1	Q2 2011	5	5	5.00[(2)]	Gujarat Urja Vikas Nigam Limited	25
Gujarat 1.2	Q4 2011	5	5	5.00[(2)]	Gujarat Urja Vikas Nigam Limited	25
Punjab 1	Q4 2009	2	2	17.91	NTPC Vidyut Vyapar Nigam Limited	25
Rajasthan 1	Q4 2011	5	5	11.94	NTPC Vidyut Vyapar Nigam Limited	25
Rajasthan 2.1	Q1 2013	20	23	8.21	NTPC Vidyut Vyapar Nigam Limited	25
Rajasthan 2.2	Q1 2013	15	18	8.21	NTPC Vidyut Vyapar Nigam Limited	25
Punjab 2.1	Q3 2014	15	15	7.67	Punjab State Power Corporation Limited	25
Punjab 2.2	Q4 2014	4	4	8.28	Punjab State Power Corporation Limited	25
Punjab 2.3	Q4 2014	15	15	7.97	Punjab State Power Corporation Limited	25
Karnataka 1	Q1 2015	10	10	7.47	Bangalore Electricity Supply Company Limited	25
Uttar Pradesh 1	Q1 2015	10	12	8.99	Uttar Pradesh Power Corporation Limited	12
Rajasthan 3.1	Q2 2015	20	22	5.45[(3)]	Solar Energy Corporation of India Limited	25
Rajasthan 3.2	Q2 2015	40	43	5.45[(3)]	Solar Energy Corporation of India Limited	25
Rajasthan 3.3	Q2 2015	40	41	5.45[(3)]	Solar Energy Corporation of India Limited	25
Chhattisgarh 1.1	Q2 2015	10	11	6.44	Chhattisgarh State Power Distribution Company Limited	25
Chhattisgarh 1.2	Q2 2015	10	11	6.45	Chhattisgarh State Power Distribution Company Limited	25
Chhattisgarh 1.3	Q3 2015	10	10	6.46	Chhattisgarh State Power Distribution Company Limited	25
Rajasthan 4	Q4 2015	5	6	5.45[(3)]	Solar Energy Corporation of India Limited	25
Delhi 1.1	Q4 2015	2	2	5.43	Solar Energy Corporation of India Limited	25
Karnataka 2	Q1 2016	10	12	6.51	Bangalore Electricity Supply Company Limited	25
Andhra Pradesh 1 [(4)]	Q1 2016	50	50	7.46[(2)]	Southern Power Distribution Company of Andhra Pradesh Limited	25
Punjab 3.1	Q1 2016	24	25	7.19	Punjab State Power Corporation Limited	25
Punjab 3.2	Q1 2016	4	4	7.33	Punjab State Power Corporation Limited	25
Bihar 1	Q3 2016	10	12	8.39	North & South Bihar Power Distribution Company Limited	25
Punjab 4.1	Q4 2016	50	52	5.62	Punjab State Power Corporation Limited	25
Punjab 4.2	Q4 2016	50	52	5.63	Punjab State Power Corporation Limited	25
Punjab 4.3	Q4 2016	50	52	5.64	Punjab State Power Corporation Limited	25
Karnataka 3.1	Q1 2017	50	54	6.89	Chamundeshwari Electricity Supply Company Limited	25
Karnataka 3.2	Q1 2017	40	42	6.93	Hubli Electricity Supply Company Limited	25
Karnataka 3.3	Q1 2017	40	42	6.96	Gulbarga Electricity Supply Company Limited	25
Maharashtra 1.1	Q1 2017	2	2	5.50	Ordinance Factory, Bhandara	25
Maharashtra 1.2	Q1 2017	5	6	5.31	Ordinance Factory, Ambajhari	25
Andhra Pradesh 2 [(5)]	Q2 2017	100	130	5.12	NTPC Limited	25
Uttar Pradesh 2	Q2-Q3 2017	50	59	4.78	NTPC Limited	25
Telangana 1	Q1 2018	100	128	4.67	NTPC Limited	25
Uttar Pradesh 3	Q2 2018	40	51	4.43[(3)]	Solar Energy Corporation of India Limited	25
Andhra Pradesh 3	Q2 2018	50	64	4.43[(3)]	Solar Energy Corporation of India Limited	25
Gujarat 2	Q4 2018 – Q1 2019	260	363	2.67	Gujarat Urja Vikas Nigam Limited	25
Karnataka 4.1	Q1 2019	50	75	2.93	Bangalore Electricity Supply Company Limited	25
Karnataka 4.2	Q1 2019	50	75	2.93	Hubli Electricity Supply Company Limited	25
Rajasthan 5	Q2-Q3 2019	200	260	2.48	Solar Energy Corporation of India Limited	25
Maharashtra 3	Q3 2019	130	195	2.72	Maharashtra State Electricity Distribution Company Limited	25
Assam 1	Q3 2020-Q1 2022	90	135	3.34[(6)]	Assam Power Distribution Company Limited	25
Rajasthan 6	Q4 2020- Q1 2022	600	891	2.53	Solar Energy Corporation of India Limited	25
Rajasthan 8	Q4 2021- Q1 2022	300	417	2.58	Solar Energy Corporation of India Limited	25
Rajasthan 9	Q1-Q3 2022	300	391	2.54	Solar Energy Corporation of India Limited	25
Others [(7)]	Q1 2018-Q4 2019	7	10	3.36[(4)]	Various	25
Operational Capacity Rooftop	2013- Q1 2020	86	86	Various	Various	25
Total Operational Capacity		**3,041**	**3,995**			
Under Construction / Contracted/ Awarded						
Manufacturing Linked Project 1		300 [(8)]		2.54	Solar Energy Corporation of India Limited	25
Manufacturing Linked Project 1		667 [(8)]		2.42	Solar Energy Corporation of India Limited	25
SECI WIND		120 [(9)]		2.70	Solar Energy Corporation of India Limited	25
Total Contracted & Awarded Capacity – Utility		**1,087**				
Total Portfolio*		**4,128 ##**				

Notes:

(1) Refers to the applicable quarter of the calendar year in which commercial operations commenced or are scheduled to commence based on AC capacity.
(2) Current tariff, subject to escalation. Please also see "—*Tariff Structure*".
(3) Projects are supported by VGF, in addition to the tariff. Please also see "—VGF for projects".
(4) Levelized tariff; includes capital incentive.
(5) Projects under accelerated depreciation per the Indian Income tax regulation.
(6) In the case of projects with more than one PPA, tariff is calculated as the weighted average of the PPAs for such project.
(7) Others include projects with Hindustan Aeronautics Limited, Decathlon and other off-takers.
(8) LoA received. PPA for 967 MW yet to be signed. For more information, see "Business, Company & Industry Overview, A. Business Overview, Project Pipeline" on page 6.
(9) PPA for 120 MW for wind project signed on August 31, 2022 (119 MW) and November 28, 2022 (1 MW). For more information, see "Business, Company & Industry Overview, A. Business Overview, Project Pipeline" on page 6.

* Rooftop portfolio of 86.5 MW has been considered for reporting under total portfolio as at year end.

\## Adjusted as we are not continuing with construction of 3,033 MWs manufacturing linked projects and 150 MW solar-wind Hybrid Projects. See "Business, Company & Industry Overview, A. Business Overview, Cancelled Projects" on page 7.

Our PPAs typically require that certain conditions be met including, among others, that we have obtained all necessary consents and permits, financing arrangements have been made, and an agreement has been entered into to provide for the transmission of power. Furthermore, the PPAs contain customary termination provisions and negative and affirmative covenants, including the provision of performance bank guarantees and minimum guarantees of power to be sold and restrictions on changing the controlling shareholder of the project subsidiaries.

Tariff structure

The tariff for Gujarat 1.1 and Gujarat 1.2 is INR 15.0 per kWh for the first 12 years and INR 5.0 per kWh for remainder of the contract term. The tariff for Andhra Pradesh 1 is INR 5.89 per kWh for first 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. All other projects have a fixed rate structure.

Viability Gap Funding (VGF) for projects

We won and implemented a few projects under the erstwhile VGF scheme by MNRE. The VGF for Rajasthan 3.1 project is INR 23.0 million per MW, for Rajasthan 3.2 it is INR 22.0 million per MW, for Rajasthan 3.3 it is INR 13.0 million per MW and Rajasthan 4 it is INR 12.9 million per MW. The VGF for Andhra Pradesh 3 project is INR 7.4 million per MW. The VGF for Uttar Pradesh 3 is INR 8.0 million per MW.

B. Results of Operations

The following section illustrates our results of operations for the years ended March 31, 2024 and 2025 and includes a discussion and analysis of our performance, financial condition and results of operations.

	(Amounts in million) March 31,		
	2024 (INR)	**2025 (INR)**	**2025 (US$) [(a)]**
Operating revenues:			
Revenue from customers	21,307	20,523	240.0
Operating costs and expenses:			
Cost of operations (exclusive of depreciation and amortization shown separately below)	1,917	1,814	21.2
General and administrative	6,376	6,692	78.3
Depreciation and amortization	4,621	4,576	53.5
Impairment loss	622	327	3.8
Total operating costs and expenses:	13,536	13,409	156.8
Operating income	7,771	7,114	83.2
Other expense, net:			
Interest expense, net	11,031	10,683	124.9
Other income, net	(4)	-	-
(Gain)/ Loss on foreign currency exchange, net	(35)	8	0.1
Total other expenses, net	10,992	10,691	125.0
Loss before income tax	(3,221)	(3,577)	(41.8)
Income tax (expense)/ benefit	(182)	458	5.4
Net loss	(3,403)	(3,119)	(36.4)
Less: Net (loss)/gain attributable to non-controlling interest	(58)	12	0.1
Net loss attributable to APGL equity Shareholders	(3,345)	(3,131)	(36.5)
Net loss per share attributable to APGL equity Shareholders			
Basic	(52.13)	(48.80)	(0.57)
Diluted	(52.13)	(48.80)	(0.57)
Number of shares used in computing basic and diluted per share amounts			
Basic	64,166,360	64,166,360	64,166,360
Diluted	64,166,360	64,166,360	64,166,360

(a) Azure Power Global Limited's functional currency is the U.S. dollar, and its reporting currency is the Indian rupee. Solely for the convenience of the reader, we have translated the financial information for Fiscal Year 2025. The rate used for this translation is INR 85.51 to US$1.00, which is the noon buying rate in New York City for cable transfer in non-U.S. dollar currencies as certified for customs purposes by the Federal Reserve Bank of New York as of March 31, 2025, which is the last available rate in the period of reported financial statements. No representation is made that the Indian rupee amounts could have been, or could be, converted, realized or settled into U.S. dollars at that rate.

Fiscal Year 2025 Compared to Fiscal Year 2024

(1) ***Operating Revenue***

Operating revenue during Fiscal Year 2025 decreased by INR 784 million, or 3.7%, to INR 20,523 million (US$ 240.0 million) compared to Fiscal Year 2024. This decrease was on account of lower generation mainly due to higher irradiation losses and availability of certain plants being affected temporarily due to floods and equipment failure. Also, revenue from certain portions of the rooftop assets were consolidated up to September 30, 2024 only as they were transferred subsequently.

(2) ***Cost of Operations (Exclusive of Depreciation and Amortization)***

Cost of operations during Fiscal Year 2025 decreased by INR 103 million, or 5.4%, to INR 1,814 million (US$ 21.2 million) compared to Fiscal Year 2024 and remained consistent at 8% - 9% of revenue recognized in both years.

The net decrease was mainly due to reduction in insurance premium, higher insurance claims received and impact of non-consolidation of certain portions of the rooftop assets post September 30, 2024. These were partially offset by higher repair and maintenance costs.

(3) ***General and Administrative Expenses***

General and administrative expenses increased by INR 316 million or 5.0%, to INR 6,692 million (US$ 78.3 million) in Fiscal Year 2025 compared to Fiscal Year 2024. The increase was primarily due to (i) a provision of INR 1,945 million recognized for the settlement of the class action lawsuit and (ii) an increase of INR 385 million in the provision for bank guarantees primarily on surrendered projects. For information on settlement of the class action lawsuit, see "Risk Factors - Risks Related to Litigation and Legal Proceedings - An action alleging violations of U.S. securities laws was brought against our Company in the New York" on page 43 and 44. These increases were partially offset by a reduction in legal and professional expenses, primarily related to whistle-blower and Special Committee investigations, amounting to INR 1,319 million, recognition of higher audit fees (including those of previous auditors) pertaining to Fiscal Years 2022 to 2024, amounting to INR 348 million in the previous year not in the current year and gain of INR 376 million recognized during the current year upon derecognition of non-controlling interest in relation to entities held for sale to Radiance.

(4) ***Depreciation and Amortization***

Depreciation and amortization expenses during Fiscal Year 2025 decreased by INR 45 million, or 1.0%, to INR 4,576 million (US$ 53.5 million) compared to Fiscal Year 2024. This decrease was primarily due to certain portions of the rooftop assets which were consolidated up to September 30, 2024 only.

(5) ***Impairment Loss***

We recognized impairment loss of INR 327 million (US$ 3.8 million) during the Fiscal Year 2025, due to recognition of impairment loss of INR 329 million for the rooftop assets still held by the Company, which is offset by reversal of impairment loss of INR 2 million due to derecognition of net assets for entities transferred to Radiance.

In comparison, during the previous year, an impairment loss of INR 622 million was recognized during Fiscal Year 2024 due to recognition of impairment expense of INR 749 million primarily related to the Naregal site for wind projects which was offset by reversal of impairment of net assets of entities held for sale to Radiance.

(6) ***Interest Expense, Net***

Net interest expense for Fiscal Year 2025 decreased by INR 348 million, or 3.2%, to INR 10,683 million (US$ 124.9 million) compared to Fiscal Year 2024. This reduction was primarily due to decrease of INR 137 million in penal interest during the current year, lower interest expense of INR 86 million due to interest rate impact, lower notional hedge-related costs of INR 373 million on the 3.575% solar green bonds repaid during Fiscal Year 2025, and a reduction of INR 235 million in consent solicitation related legal fees as compared to Fiscal Year 2024. This was partially offset by loan prepayment charges of INR 105 million, an increase of INR 208 million in the amortization of debt financing costs and a decline of INR 110 million in interest income on term deposits.

(7) ***Other Income, Net***

Other income, net was Nil during Fiscal Year 2025 as compared to an amount of INR 4 million during Fiscal Year 2024.

(8) (***Gain)/ loss on Foreign Currency Exchange, net***

The foreign exchange loss during Fiscal Year 2025 increased by INR 43 million to INR 8 million (US$ 0.1 million) as compared to a foreign exchange gain of INR 35 million during Fiscal Year 2024.

(8) ***Income Tax Expense***

Income tax expense decreased during Fiscal Year 2025 by INR 640 million to an income tax benefit of INR 458 million (US$ 5.4 million) compared to Fiscal Year 2024, the details of which are summarized below.

	Year ended March 31, (Amount in million)		
	2024	2025	2025
	INR	INR	US$
Current tax expense*	569	381	4.4
Withholding Tax on interest on restricted group debt	447	265	3.1
Deferred income tax benefit	(834)	(1,104)	(12.9)
Total	**182**	**(458)**	**(5.4)**

* Current tax includes expense of INR 12 million and reversal of expense of INR 114 million (US$ 1.3 million) for the years ended March 31, 2024 and 2025, respectively, for tax adjustment relating to earlier years.

We pay taxes on taxable profits at the individual entity level, in accordance with the tax rates in the relevant jurisdictions. While at the consolidated level, we remain unprofitable, certain Indian and non-Indian subsidiaries at the individual entity level generate taxable profits. A portion of our Indian operations qualifies for a tax holiday related to their operating income attributable to undertakings, as defined, in operating solar power plants under section 80-IA of the Indian Income Tax Act, 1961. This holiday is available for a period of ten consecutive years out of 15 years beginning from the year in which the undertaking first generates power (referred to as the tax holiday period); however, the exemption is available only to the projects completed on or before March 31, 2017. For majority of our subsidiaries eligible for aforesaid deduction, we have claimed the same in the last ten years out of 15 years beginning with the year in which we generate power and when we have taxable income. Accordingly, our current operations are taxable at the normally applicable tax rates. Due to the tax holiday period, the temporary differences between the book and tax basis of our assets and liabilities do not have any tax consequences as they are expected to reverse within the tax holiday period.

The current tax expense (other than impact of tax adjustment relating to earlier years) for Fiscal Year 2025 decreased by INR 62 million compared to Fiscal Year 2024 primarily on account of (i) reduction in tax rate on account of adoption of lower tax benefit by certain SPVs during the current year; (ii) decrease in the taxable income of the entities that are outside Tax holiday period; and (iii) offset by increase in the Other Income (primarily interest income) of entities utilizing the 80-IA exemption.

The withholding tax on interest on restricted group debt relates to the tax on intercompany interest on Solar Green Bond entities for which the tax credit is not available under Mauritius tax laws. The withholding tax amount for Fiscal Year 2025, has decreased by INR 182 million compared to Fiscal Year 2024 primarily due to repayment of one of the senior notes during the year.

During Fiscal Year 2025, we recorded a deferred tax credit of INR 1,104 million (US$ 12.9 million) (after considering valuation allowance), as against deferred tax credit of INR 834 million for Fiscal Year 2024.

Our tax expenses are further described in Note 13—Income Taxes to our consolidated financial statements included in these financial statements.

C. Liquidity and Capital Resources

APGL at a corporate level, currently does not generate adequate cash from operations to fund corporate expenses and to finance its growth. Restrictions on the ability of our subsidiaries to pay APGL cash dividends as a result of certain regulatory and contractual restrictions prevents APGL from using such dividends as a means of funding its expenses.

Our principal liquidity requirements are to finance current operations, service our debt and support our growth in India. We plan to continue to use capital to finance the construction of renewable power plants. Historically, our operations largely relied on equity and project-level long term borrowings, proceeds from issuance of compulsorily convertible preferred shares and compulsorily convertible debentures, and internally generated cash flows to meet capital expenditure requirements. As a normal part of our business and depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated electricity sales, increased expenses or other events may cause us to seek additional debt or financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations, additional covenants and operating restrictions. Future financings could result in the dilution of our existing shareholding. In addition, any of the items discussed in detail under "Risk Factors" elsewhere in these financial statements may also significantly impact our liquidity.

Liquidity Position

As of March 31, 2025, our liquid assets totaled INR 8,670 million (US$ 101.4 million), which was comprised of cash and cash equivalents. In addition, we have INR 9,192 million (US$ 107.5 million) of short-term restricted cash as of March 31, 2025. As of March 31, 2025, we carried cash and cash equivalent of INR 8,208 million (US$ 96.0 million) held by our foreign subsidiaries, which are not readily available to Azure Power Global Limited at the parent level.

We also have commitments from financial institutions that we can draw upon in the future upon the achievement of specific funding criteria. As of March 31, 2025, we have such undrawn commitments amounting to INR 1,728 million (US$ 20.2 million) under project-level financing arrangements and a corporate facility.

We are subject to business and operational risks that could adversely affect our cash flows. A material decrease in our cash flows would likely produce a corresponding adverse effect on our borrowing capacity.

Sources of Liquidity

Our ability to meet debt service obligations and other capital requirements will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. Our financing arrangements as of March 31, 2025 consisted of project-level financing arrangements and other borrowings.

Project-level Financing Arrangements

Our borrowings include project-specific financing arrangements collateralized by the underlying power plants. The table below summarizes certain terms of our project-level financing arrangements as of March 31, 2025:

Name of project	Outstanding principal Amount (in million) INR	Outstanding principal Amount (in million) US$	Type of Interest	Currency	Maturity Date [1]
Andhra Pradesh 1	1,593	18.6	Fixed	INR	2026
Bihar 1	329	3.8	Fixed	INR	2026
Gujarat 1	696	8.1	Fixed	INR	2026
Karnataka 1	561	6.6	Fixed	INR	2026
Karnataka 3.1	1,682	19.7	Fixed	INR	2026
Karnataka 3.2	942	11.0	Fixed	INR	2026
Karnataka 3.3	2,109	24.7	Fixed	INR	2026
Punjab 1	243	2.8	Fixed	INR	2026
Punjab 2	1,455	17.0	Fixed	INR	2026
Punjab 4	3,633	42.5	Fixed	INR	2026
Rajasthan 3.1	891	10.4	Fixed	INR	2026
Rajasthan 3.2	1,744	20.4	Fixed	INR	2026
Rajasthan 3.3	718	8.4	Fixed	INR	2026
Rajasthan 4	177	2.1	Fixed	INR	2026
Telangana 1	3,774	44.1	Fixed	INR	2026
Uttar Pradesh 1	115	1.3	Fixed	INR	2026
Gujarat 2	8,586	100.4	Floating	INR	2040
Maharashtra 3	5,504	64.4	Floating	INR	2040
Karnataka 4	3,467	40.5	Floating	INR	2040
Maharashtra 1.1 & 1.2	263	3.1	Floating	INR	2038
Uttar Pradesh 3	1,622	19.0	Floating	INR	2039
Andhra Pradesh 3	2,078	24.3	Floating	INR	2039
Punjab 3.1 and 3.2	1,413	16.5	Floating	INR	2036
Chhattisgarh 1.1,1.2 & 1.3	1,187	13.9	Floating	INR	2035
Rajasthan 1	255	3.0	Floating	INR	2031
Rajasthan 2	1,712	20.0	Floating	INR	2032
Karnataka 2	380	4.4	Floating	INR	2036
Andhra Pradesh 2	4,280	50.1	Floating	INR	2037
Uttar Pradesh 2	1,794	21.0	Floating	INR	2037
Rajasthan 5	4,824	56.4	Floating	INR	2039
Rajasthan 8	12,375	144.7	Floating	US$	2026
Rajasthan 9	11,309	132.3	Floating	INR	2029
Assam 1	3,048	35.6	Floating	INR	2040
Rajasthan 6	20,686	241.9	Floating	INR	2042
Rooftop Projects [4]	267	3.1	Mixed	INR/US$	2025
Total Amount	**105,712**[2], [3]	**1,236.1**			

(1) This represents the last repayment period. These loans are repayable on a monthly, quarterly, semi-annual or on bullet payment basis. For repayment by period of the above-mentioned loans, refer to contractual obligation and commercial commitments.
(2) This amount is presented in the financials as, net of ancillary cost of borrowing of INR 866 million (US$ 10.1 million).

(3) Further, non-project level debt of INR 14,958 million (US$ 175.0 million) are excluded from the above table. The non-project level debt balance includes INR 4,514 million (US$ 52.8 million) of foreign exchange impact on project debt against which the Group has taken a hedge.
(4) Rooftop Projects includes Delhi Rooftop 4, Gujarat rooftop, Punjab Rooftop 2, Railway 1 and SECI 50.

Our outstanding project-level borrowings have been secured by certain movable and immovable properties, including property, plant and equipment, as well as a pledge of the shares of the project-level SPVs.

The financing agreements governing our project-level borrowings contain financial and other restrictive covenants that limit our project subsidiaries' ability to make distributions to us unless certain specific conditions are met, including the satisfaction of certain financial ratios. As of March 31, 2025, the Group was in compliance with the financial covenants or remediated the non-compliance prior to the issuance of these financial statements except for certain loans due after October 31, 2025 aggregating to INR 267 million (US$ 3.1 million), wherein the Group was not in compliance with the financial covenants and have classified the loan under current debt. See Note 12 to the consolidated financial statements.

Cash Flow

We also use traditional measures of cash flow, including net cash provided by operating activities, net cash used in investing activities and net cash provided by financing activities, as well as cash available for distribution to evaluate our periodic cash flow results.

Cash and cash equivalents include cash on hand, demand deposits with banks, term deposits that are readily convertible to cash. It does not include restricted cash which consists of cash balances restricted as to withdrawal or usage and relate to cash used to collateralize bank letters of credit supporting the purchase of equipment for solar power plants, bank guarantees issued in relation to the construction of the solar power plants within the timelines stipulated in PPAs and for certain debt service reserves required under our loan agreements.

Fiscal Year 2025 Compared to Fiscal Year 2024

The following table reflects the changes in cash flows for the comparative periods:

	2024	2025	2025	Change
	INR	INR	US$	INR
	(in million)			
Cash flow data				
Net cash provided by operating activities	3,344	7,207	84.3	3,863
Net cash used in investing activities	(398)	(145)	(1.7)	253
Net cash used in financing activities	(7,626)	(5,071)	(59.3)	2,555

Operating Activities

During Fiscal Year 2025, we generated INR 7,207 million (US$ 84.3 million) of cash from operating activities. This cash generated from operating activities was computed by adding net loss of INR 3,119 million during Fiscal Year 2025 with non-cash items including depreciation and amortization of INR 4,576 million, impairment loss of INR 327 million, amortization of debt financing cost of INR 665 million, change in operating lease liabilities of INR 361 million, adjustment of derivative instrument of INR 1,116 million, loss on disposal of property, plant and equipment of INR 647 million and allowance for doubtful receivables of INR 215 million, offset by changes in operating lease right of use assets of INR 352 million, deferred income taxes credit of INR 1,104 million and derecognition of non-controlling interest of INR 376 million. In addition, there is impact of working capital changes, including INR 5,192 million due to increase in other liabilities and decrease in other assets by INR 139 million, offset by decrease in accounts payable of INR 305 million, decrease in deferred revenue of INR 326 million, decrease in interest payable of INR 723 and increase of INR 91 million in trade receivables.

During Fiscal Year 2024, we generated INR 3,344 million of cash from operating activities. This cash generated from operating activities was computed by adding net loss of INR 3,403 million during Fiscal Year 2024 with non-cash items including a depreciation and amortization of INR 4,621 million, impairment loss of INR 622 million, amortization of debt financing cost of INR 457 million, change in operating lease liabilities INR 395 million, adjustment of derivative instrument of INR 1,971 million, offset by changes in operating lease right of use assets INR 426 million and deferred income taxes credit of INR 834 million. In addition to this there is impact of working capital changes, including INR 1,116 million decrease in trade receivables, increase in accounts payable of INR 264 million, offset by INR 1,492 million due to decrease in other liabilities, decrease in deferred revenue of INR 165 million and increase in other assets by INR 310 million.

Investing Activities

During Fiscal Year 2025, we utilized INR 145 million (US$ 1.7 million) in our investing activities. This cash outflow was primarily due to INR 462 million incurred to purchase property, plant and equipment primarily related to Rajasthan 9 project and offset by proceeds of INR 317 million from disposal of subsidiaries.

During Fiscal Year 2024, we utilized INR 398 million in our investing activities. This cash outflow was primarily due to INR 405 million incurred to purchase property, plant and equipment primarily related to purchase of land under 700 MW projects.

Financing Activities

During Fiscal Year 2025, we used INR 5,071 million (US$ 59.3 million) in financing activities. This net cash outflow was due to loan repayments of INR 35,040 million, mainly for Green Solar Bonds, including repayments made as part of refinancing during Fiscal Year 2025. The outflow was partially offset by proceeds of INR 30,074 million from borrowings during Fiscal Year 2025.

During Fiscal Year 2024, we used INR 7,626 million in our financing activities. This cash outflow was primarily due to net loan payment of INR 7,626 million for Green solar bonds, Rajasthan 6, Rajasthan 8, Rajasthan 9 projects.

D. Off-Balance Sheet Arrangements

The terms of our PPAs provide for the annual delivery of a minimum amount of electricity at fixed prices. Under the terms of the PPAs, we have issued irrevocable performance bank guarantees. These in total amount to INR 1,652 million and INR 1,741 million (US$ 20.4 million) as of March 31, 2024 and 2025, respectively.

As of March 31, 2024 and 2025, the Group has irrevocable performance bank guarantees aggregating to INR 746 million and INR 641 million (US$ 7.5 million) respectively, in relation to projects under pipeline. Further, bank guarantees of INR 823 million and INR 1,017 million (US$ 11.9 million) as of March 31, 2024 and 2025 respectively are in relation to commissioned projects as per respective PPAs and other project requirements.

Bank guarantees issued to meet Debt-Service Reserve Account (DSRA) requirements for outstanding loans amounts to INR 78 million (US$ 0.9 million) as of March 31, 2024 and as of March 31, 2025.

Further, bank guarantee towards other commitments amounts to INR 5 million (US$ 0.1 million) as of March 31, 2024 and as of March 31, 2025. The funds released from maturity/settlement of existing bank guarantees can be used for future operational activities.

E. Contractual Obligations

We have contractual obligations and other commercial commitments that represent prospective cash requirements. The following table summarizes our outstanding contractual obligations and commercial commitments as of March 31, 2025.

	Payment due by Period				
	Under 1 Year	1-3 Years	3-5 Years	Over 5 years	Total
			(INR in million)		
Contractual cash obligations					
Long-term debt (principal) [1]	10,786	49,056	18,430	42,398	**120,670**
Long-term debt (interest) [2]	8,047	12,226	9,276	20,359	**49,908**
Operating lease obligations	338	710	657	10,416	**12,121**
Purchase obligations [3]	1,399	—	—	—	**1,399**
Asset retirement obligations	—	—	—	15,221	**15,221**
Total contractual obligations	**20,570**	**61,992**	**28,363**	**88,394**	**199,319**
Total contractual obligations (US$)	**240.6**	**725.0**	**331.7**	**1033.7**	**2,331.0**

(1) The long-term debt includes project secured term loans and, other secured bank loans. The long-term debt (principal) obligations for foreign currency denominated project borrowings have been converted to Indian rupees using the closing exchange rate as of March 31, 2025 as per the Reserve Bank of India.
(2) Interest on long-term debt is calculated based on the outstanding balance of the debt at the prevailing interest rate for the corresponding periods.
(3) Consists of asset purchase commitment for construction of solar power plants.

F. Critical Accounting pronouncements

Management does not believe that any recent accounting pronouncements issued by the FASB (including by its Emerging Issues Task Force) have a material impact on our present or future financial statements.

III. SHARE OWNERSHIP AND TRADING

A. Major Shareholders

The following table sets forth certain information with respect to the beneficial ownership of our Company's equity shares as of July 16, 2025 by each of our directors and executive officers, by all of our directors and executive officers as a group and by each person known to us to own beneficially more than 5% of the equity shares.

As used in this table, beneficial ownership means the sole or shared power to vote or direct the voting or to dispose of or direct the sale of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days upon the exercise of any option, warrant or right as of July 16, 2025. Equity shares subject to options, warrants or rights that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding the options, warrants or rights, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based on 64,166,360 equity shares outstanding as of the date of this table:

Name	Number of shares beneficially owned	%
Directors and Executive Officers:		
Brijesh Mehra	-	-
Philippe Pierre Wind	-	-
Muhammad Khalid Peyrye	-	-
Jean-François Joseph Boisvenu	-	-
Pratibha Bajaj	-	-
Gowtamsingh Dabee	-	-
Richard Payette	-	-
Julian Suresh Paul Gratiaen	-	-
Sunil Kumar Gupta	-	-
Sugata Sircar	-	-
Vijay Kumar Wadhwani	-	-
Shweta Srivastava	-	-
Praveen Singh	-	-
Mahesh Arali	-	-
Sankalp Kant	-	-
Kritika Baralia	-	-
All Directors and Executive Officers as a Group	-	-
5% or Greater Shareholders:		
CDPQ Infrastructures Asia Pte Ltd.[1]	34,258,963	53.4%
OMERS[2]	13,759,647	21.4%

Shareholders' Agreement

The Company did not have any changes to its shareholders' agreement.

1 CDPQ Infrastructures Asia Pte Ltd., a company organized and existing under the laws of Singapore, is a wholly-owned subsidiary of the Caisse de dépôt et placement du Québec, a body constituted by the Act Respecting the Caisse De Dépôt Et Placement Du Québec. The principal address of the Caisse de dépôt et placement du Québec is 1000, Place Jean-Paul-Riopelle, Montréal, Québec, H2Z 2B3.

2 OMERS Infrastructure Asia Holdings Pte. Ltd., a company organized and existing under the laws of Singapore, is a wholly owned subsidiary of OMERS Administration Corporation, a corporation established under the Ontario Municipal Employees Retirement System Act, 2006.

IV. MANAGEMENT AND EMPLOYEES

A. Management

Board of Directors

Our Board of Directors (the "Board") sets policies for our business and monitors the implementation of those policies by our executive officers. Our Board has eight directors. Our Board has in-depth experience in the renewable energy industry and corporate finance and is globally respected in energy, finance, and public policy. All Board directors are non-executive; three are Independent Non-Executives and four Non-Executives are nominees of shareholders (three of CDPQ and one of OMERS). The following table presents certain information concerning the current board of directors as of July 16, 2025.

Name of Directors	Age	Position
Brijesh Mehra	61	Chairman of the Board of Directors[1] (*from May 08, 2024)*
Muhammad Khalid Peyrye	46	Director
Supriya Prakash Sen	59	Director *(until September 30, 2024)*
Jean-François Joseph Boisvenu	59	Director
Delphine Voeltzel	40	Director (*until July 26, 2024)*
Gowtamsingh Dabee	58	Director
Richard Payette	64	Director[2]
Jaime Garcia Nieto	51	Director (*until April 18, 2025)*
Philippe Pierre Wind	59	Director
Julian Suresh Paul Gratiaen	45	Director (*from July 26, 2024)*
Pratibha Bajaj	41	Director *(from October 23, 2024)*

[1] On May 08, 2024, Mr. Brijesh Mehra was appointed as a director of the Company and as Chairman of the Board.

[2] On July 26, 2024, Mr. Richard Payette has been appointed as the Lead Independent Director, to ensure that any potential conflicts of interest arising from having a shareholder-nominated chairperson could be addressed efficiently.

Executive Officers

The executive officers are responsible for the management of the Group under the governance of the Board of Directors. All our executive officers are experienced in their domains. The following table lists our current executive officers.

Name of Executive Officers	Age	Position
Sunil Kumar Gupta	62	Chief Executive Officer
Sugata Sircar	61	Chief Financial Officer
Shweta Srivastava	49	Chief Human Resource Officer
Vijay Kumar Wadhwani	46	Chief Compliance and Ethics Officer
Praveen Singh	48	General Counsel
Mahesh Arali	48	Head-Asset Management
Sankalp Kant	44	Senior Vice President-Strategy and Commercial
Kritika Baralia	38	Vice President-Business Development and Commercial

B. Management Compensation

Directors and Officers Compensation

For Fiscal Year 2025, the aggregate compensation (excluding grants of stock options) to our Chief Executive Officer and Chief Financial Officer was INR 125 million (US$ 1.5 million), and INR 61 million (US$ 0.7 million) was towards fees paid to our Directors. Except as otherwise disclosed, the above cash compensation does not include stock compensation and employee benefits to our directors and senior management.

In Fiscal Year 2025, our Board approved the Amended Directors Compensation Plan 2025 which is effective from January 1, 2024, for non-executive Directors and the policy is as follows:

A. Annual Retainer for board membership - US$ 65,000 per director
B. Annual Retainer for committee membership - US$ 8,500 per committee for Audit and Risk, US$ 5,000 per Committee for Nomination and Remuneration Committee and Investment and Capital Committee. US$ 3,000 per committee for Sustainability and CSR Committees.
C. Annual Retainer for board and committee chairs –
    a) Chairman of the Board (non-executive): US$ 50,000
    b) Audit: US$ 25,000
    c) Investment and Capital: US$ 15,000
    d) Nomination and Remuneration Committee: US$ 15,000
    e) Sustainability and CSR: US$ 8,000

D. Lead Independent Director Retainer: US$ 25,000 per year
E. Travelling Allowance:
    a. Travel allowance of US$1,500 (one way) for travel with flight time less than 5 hours
    b. Travel allowance of US$3,000 (one way) for travel with flight time more than 5 hours

F. In addition, one-off cash retainers for Fiscal Year 2025 are introduced to compensate for the additional time commitment expected from NEDs this year:

    a. Additional board retainer of US$ 10,000
    b. Additional retainer of US$ 10,000 for the Lead Independent Non Executive Director
    c. Additional retainer of US$ 20,000 for the Audit and Risk Committee Chair
    d. Retainer of US$ 25,000 for Special Committee members
    e. Coaching retainer of US$ 30,000 for Richard Payette for Coaching services to the CEO, CFO and Chief Compliance & Ethics Officer

G. Restricted Stock ("RS") will be granted to directors in accordance with the following schedule:
    a. A scale of the RS grants as follows:
        1. Year 1: from October 1 (the beginning of the first full year of the board service) to September 30 of the next year: US$20,000.
        2. Year 2 at the outset of the second full year on October 1: US$40,000.
        3. Year 3 at the outset of the third full year on October 1: US$60,000.
        4. Year 4 and beyond at the outset of the fourth full year on October 1: US$75,000.
    b. The amount of the RS granted will be valued as of October 1 of the year in question, with the RS equal to the corresponding US$ value, divided by the FMV of the stock price on October 1 (or the next business day) of that year, determined as set out in the Equity Incentive Plan 2016, as amended from time to time.
    c. RS grants will be administered as per the Equity Incentive Plan 2016, as amended.
    d. The RS grants will be subject to a Period of Restriction of 18 months from the day of grant provided the director remains on the Azure Power board; and provided further that:
        1. if the director voluntarily resigns (or leave the board for other reasons other than for Cause) from the board during a year of service, the Period of Restriction on RS granted for that year will lapse immediately on a pro-rata basis determined as a percentage of

days served for that year, and further, the Period of Restriction on the prior year's award will also lapse if it has not lapsed already;

2. if a director is removed for Cause, all RS for which the Period of Restriction has not lapsed, regardless of when granted, will be forfeit; and

e. The RS under Period of Restriction will not have voting rights or rights to any dividends or any other distribution from the Company.
f. It is hereby clarified that the granting of RS will be in the form of a letter of grant and RS shall only be transferable to the name of the director when they are earned by the director, which shall be deemed to occur at the end of the Period of Restriction (provided the director remains on the Azure Power Board) or upon the lapsing of the Period of Restriction as evoked in paragraph d1 above. On account of the possibility (albeit remote) that RS may have to be forfeited (as evoked in paragraph d2), the director shall be deemed not to be owed any RS or any other form of emoluments in lieu of the RS until the end of the Period of Restriction / lapsing of the Period of Restriction as stated above.

Remuneration payable under the Directors Remuneration Plan are subject to following respective conditions:

a. Affiliated or nominated directors have elected not to receive any compensation from Company for the time being,
b. Unless otherwise determined, the Mauritian directors appointed through AAA Global Services Limited will not be covered under this Policy and will be paid as per the arrangement agreed with AAA Global Services Limited.

Equity-Based Compensation

Our Company, during Fiscal Year 2017, adopted the amended Equity Incentive Plan "2016 Equity Incentive Plan (as amended in 2017)" with approval of the shareholders of the Company obtained at the Annual Meeting held on September 25, 2017. The Company increased the pool size of the existing Stock Option pool by one million shares which took the total pool size to 2,023,744 shares. On April 30, 2020, the Company further adopted the amended Equity Incentive Plan "2016 by Equity Incentive Plan (as amended on March 31, 2020). The amendment will require that the fair market value of the grants to be based on the 10-day daily volume weighted closing price average up to and including the date of determination and some minimal drafting corrections of the Plan.

Our 2016 Equity Incentive Plan (as amended on March 31, 2020) is a comprehensive incentive compensation plan under which we can grant equity-based and other incentive awards to our officers, employees and directors.

The objective of the plan is (i) to provide means to enable us to attract and retain high quality human resources in our employment; (ii) to make the compensations and rewards competitive in the market; and (iii) to achieve sustained growth and create shareholder value by aligning the interests of the employees with our long term interests.

As of March 31, 2025, we had 142,048 equity shares issuable pursuant to the exercise of any outstanding options granted under the ESOP plans, the 2016 Equity Incentive Plan and the 2016 Equity Incentive Plan (as amended on March 31, 2020).

The following paragraphs further describe some of the principal terms of the 2016 Equity Incentive Plan (as amended on March 31, 2020).

Administration

The Nomination and Remuneration Committee of the Company is the sole administrator for the administration of options, including the ESOPs. The Company has total 2,304,732 shares which are Authorized for Grant as of March 31, 2025.

Under the terms of the 2016 Equity Incentive Plan (as amended on March 31, 2020), which may be amended from time to time, the sum of all grants made under the equity incentive plan shall not exceed 10% of our total issued and subscribed equity capital.

Eligibility

Our Nomination and Remuneration committee may grant options to all eligible employees on the basis of the following criteria: position, role and performance of the employee, tenure in organization and such other factors as the compensation committee may decide from time to time.

Vesting Schedule

The grants made to any individual shall be vested in the following manner:

- 25% on the expiry of 12 months from the date of grant;
- 25% on the expiry of 24 months from the date of grant;
- 25% on the expiry of 36 months from the date of grant; and
- 25% on the expiry of 48 months from the date of grant.

Option Exercise

There shall be no lock-in period after the options have vested, and the options must be exercised by the employees before the end of the tenure of the plan. In case of termination of services other than not for cause as per the Plan, employees can exercise the options vested as on the last day of employment, as per the respective Post Termination Exercise Period Policy as stated in their letter of awards.

Restricted Stocks

As part of the Directors Remuneration Plan our Company also granted Restricted Stock (as provided above) during Fiscal Year 2022 to be vested in 18 months from grant date but accelerated for retirement at the end of a term or involuntary retirement if not for cause. On exercise of these RS, amount payable by our Company will be the number of RS awarded multiplied by the price of the common stock on the date the RS is exercised. See section above "*B. Management Compensation, (Directors and Officers Compensation)*".

Amendment or Termination

Our Board may in its absolute discretion amend, alter or terminate the 2016 Equity Incentive Plan (as amended on March 31, 2020) from time to time, provided that no amendment, alteration or termination in any grant would impair or prejudice the rights of the employee without the consent of the employee, and provided further that the Board may not, without the approval of the shareholders, amend the 2016 Equity Incentive Plan (as amended on March 31, 2020) (1) to increase the aggregate number of shares which may be issued pursuant to the provisions of the equity incentive plan on exercise, surrender of options or upon grants; (2) to change the option exercise price; or (3) to extend the maximum period during which the grants may be made under the plan.

Outstanding Options for Directors and Senior Management

Outstanding options as of March 31, 2025 under our ESOP/RS plans are as follows:

Name	Equity Shares Underlying Outstanding Options	Exercise Price per share (US$ per share)	Date of expiration[(1)]
All Employees	142,048	10.73 to 27.98	July 20, 2025 – August 30, 2027
Total	**142,048**		

Note: 1. For all the grants issued prior to March 31, 2020, in the event that a participant of our ESOP plan terminates their service with our Group, the Post Termination Exercise Period shall be: i) 90 days if they served for less than 3 years; ii) 2 years if the service period was more than 3 years but less than 4 years; or iii) an incremental year will be added to the exercise period for each year of service beyond 4 years up to a maximum period co-terminus with the Equity Incentive Plan 2016 (as amended on March 31, 2020). However, for all the grants issued post March 31, 2020, the Post Termination Stock Option Exercise Periods ("PTEP") policy was amended to six-month expiration on all new grants awarded.

Insurance and Indemnification Agreements

We have obtained liability insurance to insure the Directors and executive officers of our Company against certain liabilities and expenses arising from them being a director or officers. In addition, the Group has executed indemnity agreements with directors and officers and former directors and officers.

C. Board Committees

Our Board has established the following committees: Audit and Risk Committee, Nomination and Remuneration Committee, Sustainability and Corporate Social Responsibility Committee and Investment and Capital Committee. These committees assist in the effective functioning of the Board and help them to ensure that the views of directors are effectively represented.

We have written charters for the responsibilities of committees, and these are reviewed and approved by the Board on annual basis. The charters of committees are available on our Company website. Special committees may be formed from time to time as required to review particular matters or transactions.

Each committee's members and functions are described below.

i) Statutory Committees

Audit and Risk Committee

Our Audit and Risk Committee oversees our accounting and financial reporting processes and the audits of the financial statements of our Company. It consists of a chairperson, Mr. Richard Payette, and three members, Mr. Jean-François Joseph Boisvenu, Mr. Julian Suresh Paul Gratiaen and Ms. Pratibha Bajaj.

Mr. Julian Suresh Paul Gratiaen and Ms. Pratibha Bajaj were appointed as members of the Audit and Risk Committee on October 23, 2024 and May 27, 2025 respectively.

Mr. Richard Payette	**Chairperson**
Mr. Jean-François Joseph Boisvenu	**Member**
Mr. Julian Suresh Paul Gratiaen	**Member**
Ms. Pratibha Bajaj	**Member**

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee's purpose is to assist the Board in fulfilling its responsibilities. Members of the Nomination and Remuneration Committee are not prohibited from direct involvement in determining their own compensation.

Our Nomination and Remuneration Committee consists of four members. Mr. Brijesh Mehra was appointed as chairperson of the Committee on June 27, 2024. Mr. Philippe Pierre Wind and Mr. Julian Suresh Paul Gratiaen were appointed as members of Nomination and Remuneration Committee on June 27, 2024 and July 26, 2024 respectively. Mr. Jean-Francois Joseph Boisvenu was appointed as a member of the Committee on October 23, 2024.

Our Company's chief executive officer may not be present at any Nomination and Remuneration Committee meeting during which his compensation is deliberated.

Mr. Brijesh Mehra	**Chairperson**
Mr. Julian Suresh Paul Gratiaen	**Member**
Mr. Philippe Pierre Wind	**Member**
Mr. Jean-Francois Joseph Boisvenu	**Member**

Sustainability and Corporate Social Responsibility Committee

The Sustainability and Corporate Social Responsibility Committee ("Sustainability and CSR Committee") consists of three members. Mr. Brijesh Mehra was appointed as chairperson of the Sustainability and CSR Committee on June 27, 2024. Mr. Richard Payette was appointed as a member of the Sustainability and CSR Committee on October 23, 2024. The purpose of the Sustainability and CSR Committee is to assist the Board in fulfilling its responsibilities.

Mr. Brijesh Mehra	**Chairperson**
Mr. Philippe Pierre Wind	**Member**
Mr. Richard Payette	**Member**

ii) Non-Statutory Committees

Investment & Capital Committee

Our Investment & Capital Committee consists of four members. Mr. Jaime García Nieto resigned as chairperson of the Investment & Capital Committee on April 18, 2025. Ms. Pratibha Bajaj was appointed as chairperson of the Investment & Capital Committee on May 27, 2025. Mr. Brijesh Mehra was appointed as member of the Investment & Capital Committee on June 27, 2024. Mr. Julian Suresh Paul Gratiaen was appointed as member of Investment & Capital Committee on July 26, 2024, to replace Ms. Delphine Voeltzel. The purpose of the Investment & Capital Committee is to assist the Board in relation to capital raising, investment, and disposition/disinvestment/sale of the projects, maintain adequate liquidity and timely decision making to achieve the Company's business plan.

Ms. Pratibha Bajaj	**Chairperson**
Mr. Richard Payette	**Member**
Mr. Julian Suresh Paul Gratiaen	**Member**
Mr. Brijesh Mehra	**Member**

Other Committees

Special committees may be formed from time to time as required to review particular matters or transactions.

In addition, a Special Committee of the Board was convened in August 2022 to review material projects and contracts over a three-year period for anti-corruption and related compliance issues. Mr. Julian Suresh Paul Gratiaen was appointed as member of Special Committee on July 26, 2024, to replace Ms. Delphine Voeltzel. This Special Committee is comprised of Mr. Julian Suresh Paul Gratiaen and Mr. Jean-François Joseph Boisvenu.

The Board also established a Special Finance Committee in July 2023 in connection with capital raising activities. This Special Finance Committee comprises Mr. Richard Payette and Mr. Jean-François Joseph Boisvenu .

D. Employee Benefit Plans

Provident Fund

In accordance with Indian law, all of our employees in India are entitled to receive benefits under the Employees' Provident Fund Scheme, 1952, as amended, a retirement benefit scheme under which an equal amount as required under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, of the base salary of an employee is contributed both by employer and employee in a fund with Government/trust with company.

Gratuity

In accordance with Indian law, we pay gratuity to our eligible employees in India. Under our gratuity plan, an employee is entitled to receive a gratuity payment on his superannuation or on his retirement or on the termination of his or her employment if the employee has rendered continuous service to our Group for not less than five years, or if the termination of employment is due to death or disability due to accident or disease. The amount of gratuity payable to an eligible employee is equal to 15 days' salary based on the last drawn salary for every completed year of employment (or any portion of a year exceeding six months).

Leave Encashment Policy

Under our leave encashment policy, an employee is entitled to accumulate up to 45 days of leave. Employees are encouraged to avail of the leave and hence, any balance over 45 days lapses of January 1 of each calendar year. In the event of resignation, termination of employment or retirement, an employee is entitled to a payment for the accrued leave of absence up to a maximum of 45 days at time of separation. The amount of payment to be made for each day of such accrued leave of absence shall be calculated by dividing the last drawn monthly base salary by 26 days.

V. Risk Factors

You should carefully consider the following factors in addition to the other information set forth in these financial statements. If any of the following risks actually occur, our business, results of operations, financial condition and cash flows could be materially and adversely affected. In that event, the trading price of our shares could decline, and you may lose part or all of your investment. These financial statements also contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in these financial statements.

Financial Risks

Our cash reserves and cash flows may be insufficient to meet our working capital requirements and expansion plans absent further financing. Accordingly, our failure to obtain additional financing on acceptable terms and in a timely manner could materially and adversely affect our financial condition.

Our cash reserves and cash flows may be insufficient to meet our working capital requirements and expansion plans absent further financing. In addition, our cash and cash flow may not be sufficient to refinance borrowings in the event that a default is declared, and the principal is accelerated or to finance contingent liabilities. Accordingly, our failure to obtain additional financing on acceptable terms and in a timely manner to ensure we have sufficient cash could materially and adversely affect our business, results of operations and financial condition.

Further, our ability to obtain additional financing may be dependent on the compliance review of our lenders/creditors and our cash flow may also be adversely impacted by any liabilities which may arise as a result of the review of certain material projects and contracts over a three-year period for anti-corruption and related compliance issues by the Special Committee and our Audit and Risk Committee and our ongoing reporting of these issues to the SEC and the Department of Justice. For more information, *see* "*— We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities.*"

Failure to obtain additional financing on acceptable terms and in a timely manner could adversely affect our business, results of operations, financial condition and cash flows. Moreover, any additional equity financing may be dilutive to our shareholders, and any debt financing may contain restrictive covenants that limit our flexibility going forward.

Any downgrade of our credit rating may result in increase in interest cost or may trigger covenant defaults under our loan agreements.

Most of our external borrowings are required to be rated by accredited credit rating agencies. In Fiscal 2024, the rating agencies Fitch Ratings, Moody's Investor Service, CRISIL and Care Ratings each downgraded or announced a review of credit ratings with negative implications of the credit ratings of one or more of our subsidiaries. Moody's withdrew their outstanding credit ratings for both the Restricted Groups. Downgrades in our credit ratings in earlier years and other factors have contributed to interest rate increases in some of our borrowings which has increased our financing costs, and other similar interest rate increases are possible. In Fiscal Year 2025, certain domestic credit rating agencies have upgraded the ratings for some of our facilities from negative to developing implications and for some of our facilities ratings were upgraded with stable outlook. Fitch Ratings revised the outlook on our Restricted Group to negative.

In certain of our financing agreements, a downgrade of our credit ratings below BBB or BBB-, could lead to interest rate increases which would further increase financing costs. Further, in certain of our financing agreements, any downgrade of our credit ratings below BBB or BBB-, constitutes a default which could lead to acceleration of the repayment of all or some of the indebtedness owed under these financing agreements. Any such defaults and accelerations also could result in cross-defaults or cross-accelerations of other indebtedness and could materially and adversely affect our business, results of operations, financial condition and cash flows.

If we fail to comply with financial and other covenants under our loan agreements, our business, results of operations, financial condition and cash flows may be materially and adversely affected.

The financing agreements with respect to our existing project-level indebtedness contain financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on the disposition of our assets or the conduct of our business. We expect to continue to finance a significant portion of our project development and construction costs with project financing.

Our financing agreements also include certain restrictive covenants whereby we may be required to obtain approval from our lenders to, among other things, incur additional debt, undertake guarantee obligations, enter into any scheme of merger, amalgamation, compromise, demerger or reconstruction, change our capital structure and controlling interest, dispose of or sell assets, transfer shares held by major shareholders to third parties, invest by way of share capital, lend and advance funds, make payments, declare dividends in the event of any default in repayment of debts or failure to maintain financial ratios, place deposits and change our management structure. Most of our lenders also impose significant restrictions in relation to our solar projects, under the terms of the relevant project loans taken by our respective subsidiaries.

In addition, any fines, penalties, ongoing obligations or other measures or relief imposed against us by regulatory authorities (including by the SEC, the U.S. Department of Justice and applicable Indian regulatory authorities) in connection with whistle-blower complaints and Special Committee investigations could adversely impact our ability to maintain compliance with the covenants under our credit facilities or result in an event of default thereunder. For more information, *see* "*— We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities.*"

Our failure to comply with such covenants or to obtain our lenders' consent to take restricted actions in a timely manner or with any other terms of the financing documents entered with lenders may result in the declaration of an event of default by one or more of our lenders, which may result in accelerating repayment obligation under the relevant loans and/ or trigger cross defaults under other financing agreements and/ or increase in rate of interest on such loans and/ or other suitable action in terms of the financing documents and the law. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing agreements could adversely affect our business, results of operations, financial condition and cash flows. Furthermore, a breach of those financial and other covenants or a failure to meet certain financial ratios under these financing agreements could also restrict our ability to pay dividends.

Our substantial indebtedness and volatility in interest rates could adversely affect our business, results of operations, financial condition and cash flows.

We have incurred substantial debt to finance our projects which is secured by project assets. Since certain of our borrowings under a project-specific financing arrangement have floating rates of interest, volatility in interest rates affects the cost of these borrowings. An increase or decrease in interest rates will increase or decrease our interest expense associated with such borrowing. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI and other central banks, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Furthermore, the rise in inflation and consequent fluctuation in interest rates, repo rates (the rates at which the RBI lends to commercial banks) may also be important factors affecting interest rates. A significant increase in interest expense could adversely affect our business, results of operations, financial condition and cash flows impacting our ability to meet our payment obligations under our debt.

Such debt could have significant consequences on our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations;

- limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate and the general economy;
- potentially affecting our credit rating;
- potentially increasing the cost of any additional financing; and
- limiting the ability of our project operating subsidiaries to pay dividends to us for working capital or return on our investment.

Any of these factors and other consequences that may result from our substantial indebtedness could adversely affect our business, results of operations, financial condition and cash flows impacting our ability to meet our payment obligations under our debt. Our ability to meet our payment obligations under our outstanding debt depends on our ability to generate adequate cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control.

We were not profitable in the past two fiscal years, and we may not be profitable in the future.

We have incurred losses since our inception. During Fiscal 2024 and Fiscal 2025, we had a net loss of INR 3,403 million and INR 3,119 million (US$ 36.4 million), respectively. We do not expect to be profitable in Fiscal 2026 and may not be profitable in the future.

Fluctuations in foreign currency exchange rates may negatively affect our revenue, cost of sales and gross margins and could result in exchange losses.

As the functional currency of our Indian subsidiaries is the Indian rupee, our operating expenses are denominated primarily in Indian rupees. However, some of our capital expenditures, and particularly those for equipment imported from international suppliers, such as solar panels, are denominated in foreign currencies. In addition, some of our borrowings are in foreign currencies, especially the US dollar, and we swap these foreign currencies into Indian rupees to fund our projects and working capital. To the extent that we are unable to match revenue received in our functional currency with costs paid in foreign currencies, or hedge such exposure, exchange rate fluctuations in any such currency could have an adverse effect on our profitability.

We generate substantially all our cash in Indian rupees and, therefore, significant changes in the value of the Indian rupee relative to the other foreign currencies could materially and adversely affect our reported results of operations, financial condition and cash flow and our ability to meet interest and principal payments on borrowings. In addition to currency translation risks, we incur currency transaction risks whenever we or one of our projects enter into a purchase or sales transaction using a currency other than the Indian rupee. We expect our future capital expenditures in connection with our proposed expansion plans to include significant expenditures in foreign currencies for imported solar panels, components, equipment and machinery.

A significant fluctuation in the Indian rupee to U.S. dollar or other foreign currency exchange rates could materially and adversely affect our business, results of operations, financial condition and cash flows. The exchange rate between the Indian rupee and these currencies, primarily the U.S. dollar, has fluctuated in the past and any appreciation or depreciation of the Indian rupee against these currencies can impact our profitability and results of operations. Our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, the Indian rupee had depreciated against the U.S. dollar in four of the last five years, which may impact our results of operations in future periods. Furthermore, we have borrowings denominated in U.S. dollars, and, as such, an annual decline in the Indian rupee against the U.S. dollar effectively adds to the functional interest rate of our borrowings and the Indian rupee equivalent needed to repay the borrowings, when due. Consequently, depreciation of the Indian rupee to the U.S. dollar, could result an increase in foreign currency related transaction and translation losses and negatively impact our performance.

Our operating results may fluctuate from period to period, which could make our future performance difficult to predict and could cause our operating results for a particular period to fall below expectations.

Our operating results are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal fluctuations in the past, especially in the winter months, and we may experience similar fluctuations in the future. However, given that the renewable energy industry is growing rapidly, those fluctuations may be masked by our recent growth rates and thus may not be readily apparent from our historical operating results. As such, our past yearly operating results may not be good indicators of future performance.

The results of any prior annual period should not be relied upon as indications of our future performance. In addition, with respect to the above factors our actual revenue, key operating and financial metrics and other operating results in future periods may fall short of the expectations of investors and financial analysts, which could have a material adverse effect on the results and operations of the Group.

Compliance risks

We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities.

As the Company has disclosed in its filings since 2022, in May and September of 2022, the Company received whistleblower complaints and initiated internal investigations headed by the Audit and Risk Committee (the "ARC Investigation") and a Special Committee of Board of Directors established in August 2022 (the "Special Committee Investigation"). The committees initiated separate investigations with the support of external counsels and forensic advisors. At the direction of the Board, external counsel for the committees initiated a voluntary self-disclosure on behalf of the Company to the U.S. Department of Justice and the Securities and Exchange Commission (the "U.S. Government"). The Company continues to cooperate with the U.S. Government's investigations.

The ARC Investigation was concluded in the previous fiscal year.

The Special Committee Investigation, which is substantially complete, identified evidence that individuals formerly affiliated with the Group may have had knowledge of, or were involved in, an apparent scheme with persons outside the Group to make improper payments in relation to certain projects. To date, the Special Committee has not identified related improper payments or transfers by the Group. The Special Committee's review and its findings have impacted the decision-making of the Group in connection with such projects.

On November 20, 2024, a grand jury in the Eastern District of New York indicted former Company directors Cyril Cabanes and Deepak Malhotra, former Azure executives Ranjit Gupta and Rupesh Agarwal, and several other individuals (unrelated to the Group) for alleged conduct related to the Special Committee Investigation. Separately, on November 20, 2024, the SEC brought complaints against former director Cyril Cabanes and other individuals (unrelated to the Group) for alleged conduct related to the Special Committee Investigation.

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of INR 1,945 million (US$ 23.0 million) on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

Our Group (specifically our subsidiaries with respect to affected projects) could be exposed to liabilities under the relevant contractual and tender documents (including levy of damages and liquidated damages, reduction of PPA tariffs and/or short closure of capacity), administrative actions (including the risk of PPA cancellation, risk of being debarred from SECI's future contracts, withdrawal or nullification of commissioning certificates and/or revocation of commissioning extensions) and penalties from customers and other civil liabilities, all of which could adversely impact the revenue, profitability and capitalization of the affected projects. In addition, civil and/or criminal fines and/or penalties by regulatory authorities (including by the U.S. Government and applicable Indian and Mauritian regulatory authorities) could be imposed on us as well as ongoing obligations, remedial corporate measures or other relief against us that could adversely impact our operations. Any such fines, penalties, ongoing obligations or other measures or relief against us could materially and adversely affect our business, results of operations, financial condition and cash flows in future periods. Further, in addition, certain of those outcomes could adversely impact our ability to maintain compliance with the covenants under our credit facilities or result in an event of default thereunder. In addition, we could be exposed to future litigation in connection with any findings of fraud, corruption, or other misconduct by persons who served as our directors, officers and employees.

For further information on the liabilities associated with the whistle-blower complaints and the Special Committee investigation, see "Consolidated Financial Statements as of, and for the year ended, March 31, 2025, Note 27 – Whistle-blower Allegations and Special Committee Investigations."

Our international corporate structure and operations require us to comply with anti-corruption laws and regulations of the United States and various other jurisdictions. If we were not in compliance with applicable legal requirements, we might be subject to civil or criminal penalties and other remedial measures.

As a NYSE listed company until November 13, 2023, we were subject to the U.S. Foreign Corrupt Practices Act ("FCPA") which prohibits, in relevant part, U.S. nationals, companies that have securities registered in the U.S. and any officer, director, employee, or agent of such issuer or any shareholder thereof acting on behalf of such issuer from making corrupt payments to foreign officials for the purpose of obtaining or keeping business. The FCPA also imposes obligations to keep accurate books and records, to maintain appropriate internal controls, and to prevent circumvention of such controls.

We are subject to Indian laws related to anti-corruption, anti-bribery and anti-money laundering such as, the Prevention of Corruption Act, 1988 and the Prevention of Money Laundering Act, 2002 which are applicable on our subsidiaries in India. In addition, we have been and will continue to be subject to anti-corruption, anti-bribery and anti-money laundering legislation in other jurisdictions, which in certain circumstances go beyond the scope of the FCPA rules and regulations.

Any violations of these laws, regulations and procedures by our employees, independent contractors, subcontractors and agents could be costly and time-consuming to investigate and could expose us to administrative, civil or criminal penalties or fines (including under U.S. and Indian laws and regulations as well as other applicable laws). If we were to be investigated for, charged with, or convicted of, violating these laws and regulations, our reputation could be harmed and it could cause some of our investors to sell their interests in our company to be consistent with their internal investment policies or to avoid reputational damage, and some investors might forego the purchase of our shares, all of which may negatively impact the trading prices of our shares. In addition, any administrative, civil or criminal penalties or fines which could materially and adversely affect our business, results of operations, cash flows and financial condition.

For information regarding current investigations of certain whistleblower complaints and other allegations against persons who served as our directors, officers and employees, *see — "We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities.*"

Any damages caused by fraud, corruption, or other misconduct by our employees and former employees could adversely affect our business, the results of operations, financial condition and cash flows.

We are exposed to operational risks arising from any inadequacy or failure of internal processes or systems. In addition, we are exposed to risks associated with fraud, corruption, or other misconduct of our directors, officers and employees. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, bribery, data breach or other illegal acts, which could result in regulatory sanctions and reputational or financial harm, including harm to our brand.

Our processes, management information systems, and internal control procedures are designed to monitor our operations and overall compliance. Our systems, however, may not be able to identify every act of non-compliance and/or suspicious transaction in a timely manner, or at all. In addition, certain internal control processes are carried out manually, which may increase the risk that human error, tampering, or manipulation will result in losses that may be difficult to detect.

One of the tools we use to provide assurance is our whistle-blower policy and related procedures, which encourages employees and directors to report concerns related to unethical conduct and governs the investigation of such reports. Our whistle-blower policy sets forth guidelines for our employees and directors to report concerns related to unethical conduct. Under the policy proper review is performed on the whistle blower complaints under the supervision of Chief and Ethics Compliance Officer, and Board's Audit and Risk Committee.

As part of our investigations of certain whistleblower complaints and other allegations against persons who served as our directors, officers and employees, we identified certain unethical and unauthorized conduct by persons who served as our officers, directors and employees. For information regarding certain whistleblower and other allegations, *see* "*— We had identified material weaknesses in our internal control over financial reporting in earlier years which has been remediated during the year. If we fail to maintain an effective system of internal controls over financial reporting in the future, we may not be able to accurately or timely report our financial results, which may adversely affect investor confidence*."

We had identified material weaknesses in our internal control over financial reporting in earlier years which has been remediated during the year. If we fail to maintain an effective system of internal controls over financial reporting in the future, we may not be able to accurately or timely report our financial results, which may adversely affect investor confidence.

Management had determined that our internal controls over financial reporting were ineffective in earlier years, due to inadequacy of certain review controls including control failures in financial statement closing procedures, vendor reconciliation process, documentation on testing of control attributes and completeness and accuracy of reports used including inadequate consideration in designing of risk and controls matrices.

Management, under the supervision of the Company's Audit and Risk Committee, initiated remediation actions focused on improving the Group's internal control and compliance environment to address the control deficiencies that led to ineffectiveness in earlier years. Management has taken support from external consultants while performing this remediation exercise. These efforts include strengthening our internal control framework, testing operational controls, training of team members and periodic monitoring by the Audit and Risk Committee of the effectiveness of the remedial efforts and overall reporting framework. As a result the internal controls over financial reporting were remediated and made effective during Fiscal 2025.

Our construction activities may be subject to cost overruns or delays which may adversely affect our business, results of operations, financial condition and cash flows.

Construction of our solar, wind and other renewable energy projects may be adversely affected by circumstances outside of our control, including inclement weather, adverse geological and environmental conditions, failure to receive regulatory approvals on schedule or third-party delays in providing supplies and other materials. Changes in project plans or designs, or defective or late execution may increase our costs from our initial estimates and cause delays. Increases in the prices of our components and equipment may increase procurement costs. There can be no assurance that the prices of components and equipment required for our power projects that are presently contracted and under construction will not change, which may cause the economic returns available from these projects to differ from our initial projections. Any fluctuations in prices of our components or raw materials materially and adversely affect our business, results of operations, financial condition and cash flows. If we experience unexpected increases in procurement costs, our forecasted revenues and cash flows could be materially adversely affected.

Labor shortages, work stoppages, labor disputes or disruptions in transportation bringing in labor for projects also can significantly delay a project, increase our costs or cause us to breach our performance guarantees under our PPAs, particularly because strikes and labor transportation disruptions are not considered a force majeure event under many of our PPAs. Moreover, local political changes and delays, for instance, caused by state and local elections, as well as demonstrations or protests by local communities and special interest groups could result in, or contribute to, project time and cost overruns for us.

In addition, we sometimes utilize and rely on third-party sub-contractors to construct and install portions of our renewable energy projects. If our subcontractors do not satisfy their obligations or do not perform work that meets our quality standards or if there is a shortage of third-party subcontractors or if there are labor strikes that interfere with the ability of our employees or contractors to complete their work on time or within budget, we could experience significant delays or cost overruns.

We may not be able to recover any of these losses in connection with construction cost overruns or delays.

Any such contingencies that could lead us to fail to generate our expected return from our solar and other renewable energy projects could materially and adversely affect our business, results of operations, financial condition and cash flows.

Delays in obtaining, or a failure to maintain, governmental approvals and permits required to construct and operate our projects may adversely affect such projects and our business.

The design, construction and operation of our solar and other renewable energy projects are highly regulated, require various governmental approvals and permits, and may be subject to conditions that may be stipulated by relevant government authorities which vary from state to state. There is no certainty that all permits required for a given project will be granted on time or at all. If we fail to obtain or renew such licenses, approvals, registrations and permits in a timely manner, we may not be able to commence or continue operating our projects in accordance with our contracted schedules or at all, which could adversely affect our business, results of operations, financial condition and cash flows. There is also no certainty that relevant government authorities will not take any action in the future which may expose us to penalties or have a material adverse impact on our operations. We are also exposed to changes in the legal and regulatory environment in which we operate, including changing taxes and tariffs and data privacy and protection laws which could, increase our operating costs, or result in litigation or regulatory action.

Risks Related to Retention of Management and Key Employees

The loss of our senior management or key employees may adversely affect our ability to conduct our business.

We depend on our management team, and the loss of any key executives could negatively impact our business.

There can be no assurance that our competitors will not offer better compensation packages, incentives and other perquisites to such skilled personnel. If we are not able to attract and retain talented employees as required for conducting our business, or if we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, results of operations, financial condition and cash flows may be adversely affected. In addition, an inability to attract and retain sufficient technical and managerial personnel could limit our ability to manage and complete our projects on schedule and within budget, which may adversely affect our business and strategy implementation.

The loss of the services of our key personnel or our inability to recruit or train enough experienced personnel or our inability to manage the attrition levels in different employee categories, may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, if we cannot hire additional qualified personnel or retain them, our ability to expand our business may be impacted. As we expand operations by constructing new renewable energy projects, we will need to continue to attract and retain experienced management, operations and project construction personnel. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting suitable employees.

Off-taker risks related to compliance with the terms of PPAs, delay in payments, and LoAs cancelled

Counterparties to our PPAs may not fulfil their obligations which could materially and adversely affect our business, results of operations, financial condition and cash flows.

We generate electricity income primarily pursuant to PPAs entered into with Central and State government-run utilities. If the counterparties to our PPAs do not fulfil their obligations our business, results of operations, financial condition and cash flows could be materially and adversely affected. Our counterparties to our PPAs may become subject to financial stress, insolvency or liquidation proceedings during the term of the relevant contracts, and the credit support received from such customers may not be sufficient to cover our losses in the event of a failure to perform. There may also be disputes raised by the counterparties to the amounts invoiced, or delays associated with collection of receivables from government owned or controlled entities on account of the financial condition of these entities that deteriorated significantly in the past. Where we are selling power to non-governmental entities, we take into account the credit ratings assigned by rating agencies and our ability to collect when assessing the counterparties' creditworthiness. The Governmental entities to which we sell power generally may not have credit ratings for us to consider, and many of the state governments in India, if rated, would likely rate lower than the GoI. Although the central and state governments in India have taken steps to improve the liquidity, financial condition and viability of state electricity distribution utility companies, there can be no assurance that the utility companies that are currently our customers will have the resources to pay on time or at all.

In addition, our PPA customers may, for any reason, become unable or unwilling to fulfil their related contractual obligations, refuse to accept delivery of power delivered thereunder or otherwise terminate such agreements prior to the expiration thereof. If such events occur, our business, results of operations, financial condition and cash flows could be materially and adversely affected.

There are a limited number of strong credit purchasers of utility scale quantities of electricity which exposes us to risk of LoA cancellations, and our utility scale projects to risk.

Typically, we derive more than 70% of our revenue from our top five customers. Since the transmission and distribution of electricity are either monopolized or highly concentrated in most jurisdictions, there are a limited number of possible purchasers for utility scale quantities of electricity in a given geographic location, including transmission grid operators and central and state-run utilities. For instance, for projects established pursuant to the NSM, solar project developers are required to enter into PPAs with specified implementation agencies (who in turn sell power to Discoms). As a result, there is a concentrated pool of potential buyers for electricity generated by our plants and projects, which may restrict our ability to (1) negotiate favorable terms under new PPAs, and (2) execute PPA for the projects for which we have won and have received LoAs.

Furthermore, if the financial condition of these utilities and/or power purchasers deteriorates or the NSM or other solar policy to which they are currently subject and that compel them to source renewable energy supplies change, demand for electricity produced by our renewable energy plants could be negatively impacted. Consequently, it is difficult to identify new customers, and our inability to retain existing customers and identify new customers can adversely affect our business.

Power Generation Risks

Any constraints in the availability of the electricity grid, including our inability to obtain access to transmission lines in a timely and cost-efficient manner could adversely affect our business.

Delivering power to our power purchasing customers is our responsibility. We generally rely on transmission lines and other transmission and distribution facilities that are owned and operated by transmission or distribution utilities. Where we do not have access to available transmission and distribution networks, we may engage contractors to build transmission lines and other related infrastructure. In such a case, we will be exposed to additional costs and risks associated with developing transmission lines and other related infrastructure, such as the ability to obtain right of way from landowners for the construction of our transmission lines, which may delay and increase the costs of our projects and, thereby, adversely affect our business, results of operations, financial condition and cash flows.

In addition, India's physical infrastructure, including its electricity grid, is less robust than that of many developed countries. As a result of grid constraints, such as grid congestion and restrictions on transmission capacity of the grid, the transmission and dispatch of the full output of our projects may be curtailed. We may have to stop producing electricity during the period when electricity cannot be transmitted. Such events could reduce the net power generation of our projects from estimated power generation. If construction of renewable energy projects outpaces transmission capacity of electricity grids, we may be dependent on the construction and upgrade of grid infrastructure by the transmission utilities. We cannot assure that the relevant transmission utilities will develop required transmission infrastructure in timely manner, or at all. The curtailment of our power projects' output levels will reduce our electricity output and limit operational efficiencies, which in turn could adversely affect our business, results of operations, financial condition and cash flows.

Maintenance and expansion of power generation facilities involve significant risks that could result in reduced power generation and financial results.

Our facilities may require periodic upgrading and improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns, and any decreased operational or management performance, could reduce our facilities' generating capacity below expected levels and reduce our revenues as a result of generating and selling less power. Degradation of the performance of our projects beyond levels provided for in the related PPAs may also reduce our revenues. Our plants may be adversely affected by storms, high winds or flooding, lower solar insolation resulting in damage and loss of revenue. Unanticipated capital expenditures associated with maintaining, upgrading or repairing our facilities may also reduce profitability, especially because our tariff is fixed in the PPAs, and we may not be able to pass through any unexpected costs in relation to the projects to our customers. Furthermore, we are not able to mitigate such project risks by shifting some or all of the risk to a third-party Engineering, Procurement and Construction or Operations and Maintenance contractor since we provide most of these services in-house. Due to this, our maintenance and power generation facilities may negatively result in reduced power generation and adverse impact on financial results. This impact we may not be able to recover through insurance. If the situation worsens there could be a further adverse impact on our revenues. Further, changes in technology may require us to make additional capital expenditures to upgrade our facilities. The development and implementation of such technology entails technical and business risks and additional costs of implementation.

Changes in the political, fiscal or regulatory environment in India.

The regulatory and policy environment affecting the renewable energy sector in India impacts our business.

The regulatory and policy environment in which we operate is evolving and subject to periodic change, and our business, results of operations, financial condition and cash flow could be adversely affected by any unfavorable changes in or interpretations of existing laws, or implementation of new laws. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our business currently or in the future.

Our business, results of operations and financial performance could be adversely affected by any change in laws or interpretation of existing, or the promulgation of, laws, rules and regulations applicable to us. There can be no assurance that the GoI will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations, which could result in increased compliance costs as well as divert significant management time and other resources.

Further, we depend in part on government policies that support renewable energy and enhance the economic feasibility of developing renewable energy projects. The GoI and several of the states in which we operate or plan to operate provide incentives that support the generation and sale of renewable energy, and additional legislation is regularly being considered that could enhance the demand for renewable energy and obligations to use renewable energy sources. In addition, regulatory policies in each state in India currently provide a favorable framework for securing attractive returns on capital invested. If any of these incentives or policies are adversely amended, eliminated or not extended beyond their current expiration dates, or if funding for these incentives is reduced, or if governmental support of renewable energy development, particularly solar and wind energy, is discontinued or reduced, it could adversely affect our ability to obtain financing, the viability of new renewable energy projects constructed based on current tariff and cost assumptions or the profitability of our existing projects.

We also benefit from a number of other government incentives, including preferential charges on transmission, wheeling and banking facilities; generation-based incentives schemes for certain wind power assets; tax holidays; and availability of accelerated depreciation for wind and solar power assets. There is no assurance that the GoI and state governments will continue to provide incentives and allow favorable policies to be applicable to us, and these incentives may be available for limited period.

Changes to government policies curtailing renewable energy generation may adversely affect our business. If governmental authorities stop supporting, or reduce or eliminate their support for, the development of renewable energy projects, it may become more difficult to obtain financing, our economic return on certain projects may be reduced and its financing costs may increase. A delay or failure by governmental authorities to administer incentive programs in a timely and efficient manner could also adversely affect our ability to obtain financing for its projects. These may, in turn, materially and adversely affect business, results of operations, financial condition and cash flows.

Duties on solar equipment imports increase our costs and adversely impact our performance.

The GoI imposes duties on various solar equipment and devices that are key to our business, and such duties are subject to frequent change. These duties can greatly increase our project costs. To the extent we are unable to pass on the impact of such duties to our off-takers under any of our PPAs, our business, results of operations, financial condition and cash flows will be adversely affected.

Foreign investment laws in India include certain restrictions, which may affect our future assets sales, acquisitions or investments in India.

India regulates ownership of Indian companies by non-residents, and although many restrictions on foreign investment have been relaxed in recent years others, such as investments from countries bordering India, have been subject to more regulation. Pursuant to the Consolidated Foreign Direct Investment Policy, 2020 (the “FDI Policy”), investments can be made by non-residents in Indian companies to the extent of the percentage of the total capital of the Indian company specified in the FDI Policy. At present, the FDI Policy permits 100% foreign direct investment in Indian companies engaged in the power sector. Under current Indian regulations, transfer of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time, in relation to pricing and valuation of such shares and certain reporting requirements for such transactions specified by the Reserve Bank of India. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions specified by the Reserve Bank of India, the prior approval of the Reserve Bank of India will be required before any such transfer may be consummated. We may not be able to obtain any required approval from the Reserve Bank of India or any other Indian regulatory authority on any particular terms or at all.

For example, under the FDI policy, the GoI provides additional requirements for foreign investments in India, including requirements with respect to downstream investments by Indian companies owned or controlled by non-resident entities and the transfer of ownership or control, from resident Indian persons or entities to non-residents, of Indian companies in sectors with limits on foreign investment. As substantially all APIPL’s and AZR’s shares are directly held by Azure Power Global Limited, it would be considered an entity owned and controlled by non-residents under applicable Indian laws. Accordingly, any downstream investment by APIPL or AZR into another Indian company will have to be in compliance with conditions applicable to such Indian entity, in accordance with the FDI policy. In addition, there may be investors who may not be able to buy assets we wish to sell in future. There are guidelines in relation to pricing and valuation of shares and restrictions on sources of funding for such investments. To the extent these guidelines become more restrictive, they may restrict our ability to make further equity investments in India, including through Azure Power Global Limited.

Further, India's Foreign Exchange Management Act, 1999, as amended, and the rules and regulations promulgated thereunder ("FEMA") prohibit us from borrowing from our Indian subsidiaries. We are permitted to lend to our Indian subsidiaries subject to compliance with India's policy on external commercial borrowings as promulgated by the Reserve Bank of India from time to time, which specifies certain conditions, including in relation to eligible lenders and borrowers, permitted end use and limits on the all-in cost.

Our ability to raise foreign capital may be constrained by Indian law.

Our Indian subsidiaries are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on raising foreign debt may adversely affect our business, results of operations, financial condition and cash flows.

Health, Safety and Environmental Risks

Our operations have inherent safety risks and hazards that require continuous oversight and substantial insurance coverage.

Construction and generation of power from solar power generation facilities and plants involves inherent safety risks and hazards which must be identified and mitigated. Power generation involves hazardous activities, including high voltages in key equipment and delivering electricity to transmission and distribution systems. Natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards, such as fire, structural collapse and machinery failure also are inherent risks in our operations. These and other hazards can cause personal injury or loss of life, damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations. We maintain insurance protection that we consider adequate, but we cannot provide any assurance that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject. Furthermore, our insurance coverage is subject to deductibles, caps, exclusions and other limitations. A loss for which we are not fully insured could materially and adversely affect our business, results of operations, financial condition and cash flow. Further, due to rising insurance costs and changes in the insurance markets, we cannot provide any assurance that our insurance coverage will continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could materially and adversely affect our business, results of operations, financial condition and cash flows.

Our operations are subject to governmental, health, safety and environmental regulations, and we may have to incur material costs to comply with these regulations.

The power generation business in India is subject to a broad range of environmental, social (including labor), health, safety and other laws and regulations. These laws and regulations require us to obtain and maintain a number of approvals, licenses, registrations and permits for developing and operating power projects. Additionally, we may need to apply for more approvals in the future, including renewal of approvals that may expire from time to time. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. We may incur material costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of any violations of or liabilities under environmental or health and safety laws or noncompliance with permits and approvals, which, as a result, may have a material adverse effect on our reputation, business, results of operations, financial condition and cash flows.

Health and Safety (H&S) norms are continuously amended from time to time in India. Current policies and practices are adequate and cover for both organization and regulatory requirements applicable. In future any updates or changes in regulations to H&S shall be adequately adopted into existing SOP's, guidelines, standards, templates, safety policy etc. As per internal policy we are reviewing Hazards identification and Risk management on a periodical basis for both operating and under construction sites and accordingly emergency response plans are amended. With respect to construction sites and O&M sites, we fall under various laws and regulations, as applicable.

Environmental laws and regulations in India have become and continue to evolve and be more stringent and their effect on our operations cannot be predicted with any certainty. In case of any change we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with future regulations applicable to us may result in legal proceedings, including public interest litigation, commencement against us, third party claims or the levy of regulatory fines.

We currently fall under an exemption granted to solar photovoltaic projects that exempts us from complying with the Environment Impact Assessment Notification, 2006, issued under the Environment (Protection) Act, 1986. While we are not required to obtain consents under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2016, E-waste Management Rules 2016, and certain procedural requirements, such as informing the Pollution Control Board, exists. However, there can be no assurance that we will not be subject to any such consent requirements in the future, and that we will be able to obtain and maintain such consents or clearances in a timely manner, or at all, or that we will not become subject to any regulatory action on account of not having obtained or renewed such clearances in any past periods. Non-compliance with such environmental and other similar laws and regulations will have a material adverse effect on our reputation, business, results of operations, financial condition and cash flows.

Competition Risks

***We may not be able to acquire rights to develop and generate power from new renewable projects through the competitive bidding process*.**

We acquire the rights to develop and generate power from new projects through a competitive bidding process, in which we compete for project awards based primarily on pricing, technical and engineering expertise, financial conditions, including specified minimum net worth criteria, availability of land, financing capabilities and track record. The bidding processes are affected by factors which may be beyond our control, such as market conditions or government incentive programs. If we misjudge our competitiveness when submitting our bids or if we fail to lower our costs to submit competitive bids, we may not acquire the rights on new renewable energy projects. Furthermore, we make assumptions with respect to prices for system components and raw materials, and if prices for system components and raw materials are greater than our assumed prices, our project economics may be adversely affected and the project for which we bid may not remain economically viable.

In addition, rules of the auction process may change. Each state in India has its own regulatory framework and states have their own renewable energy policy. The rules governing the various regional power markets may change from time to time, in some cases, in a way that is contrary to our interests and adverse to our financial returns. For example, most national auctions currently use the reverse auction structure, in which several winners take part in the same project. There can be no assurance that the central and state governments will continue to allow us to utilize such bidding structures and any shift away from the current structures, such as to a Dutch auction, could increase the competition and adversely affect our business, results of operations, financial condition and cash flows.

For information on the risk of not executing PPAs in respect of our 4,000 MWs manufacturing linked tender, *see* "*— We may not be able to sign PPAs for balance capacity of 967 MWs in respect of the 4,000 MWs manufacturing linked tender for which letter of award has already been received*."

***We face significant competition from traditional and renewable energy companies*.**

We face significant competition in the markets in which we operate. Our primary competitors are Indian and international developers and operators of solar projects and other renewable energy sources. Deregulation of the Indian power sector and increased private sector investment have intensified the competition we face. The Electricity Act removed certain licensing requirements for power generation companies, provided for open access to transmission and distribution networks and also facilitated additional capacity through captive power projects. These and other similar future reforms do and will provide opportunities for increased private sector participation in power generation.

Furthermore, our competitors may have greater operational, financial, technical, management or other resources to achieve better economies of scale and lower cost of capital, allowing them to bid in the same auction at more competitive rates. Our competitors may also have a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Our competitors may also enter into strategic alliances or form affiliates with other competitors to our detriment. As our competitors grow in scale, they may establish in-house EPC and O&M capabilities, which may offset the current advantage we may have over them. Moreover, suppliers or contractors may merge with our competitors which may limit our choices of suppliers or contractors and hence the flexibility of our overall project execution capabilities. In addition, some of our competitors have developed their own internal solar panel manufacturing capabilities. As the renewable energy industry grows and evolves, we may also face new competitors who are not currently in the market. In addition, we face competition from developers of other renewable energy facilities, including biomass, and nuclear, as well as other forms of renewable electricity generation like hydrogen. Competition from such producers may increase if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated, or if the GoI elects to further strengthen its support of such renewable energy sources. Any increase in competition during the bidding process or reduction in our competitive capabilities could materially and adversely affect our market share and the profit that we generate from our projects.

IT and cyber security risks

Weaknesses, disruptions, failures or cyber security events in our IT systems could adversely impact our business.

We rely on IT systems in connection with financial controls, risk management and transaction processing as well as to manage our power projects. We may be subject to disruptions of our IT systems, arising from events that are wholly or partially beyond our control (for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, migration of ERP software or loss of support services from third parties such as internet backbone providers). Although we have not experienced material incidents in the past, we may in the future experience incidents of system failures, cyber-attacks and frauds, hacking, phishing, trojans and theft of data or other types of cyber security attacks or incidents that could have a material adverse effect on our business, results of operations, financial condition and cash flows. In the event we experience systems interruptions, errors, downtime, incidents of hacking, phishing, or breaches of our data security systems, this may give rise to deterioration in customer service and loss or liability to us and it may materially and adversely affect our reputation, business, results of operations, financial condition and cash flows. Such cyber security events could expose us to a risk of loss or misuse of our information, litigation, reputational damage, violations of applicable privacy and other laws, fines, penalties or losses that are either not insured against or not fully covered by insurance maintained. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate these vulnerabilities.

Risks related to project land and the acquisition of land

We may not be able to find suitable sites for the development of renewable energy projects.

Our ability to realize our business and growth plans is dependent on our ability to develop and secure rights to sites suitable for the development of projects. Suitable sites are determined on the basis of cost, wind, solar and hydro resource levels, topography, grid connection infrastructure and other relevant factors, which may not be available in all areas. Further, wind, solar and hydro energy projects must be interconnected to the power grid in order to deliver electricity, which requires us to find suitable sites with adequate evacuation and transmission infrastructure, including right of way. Solar energy and transmission infrastructure projects also require sufficient contiguous land for development, which may be difficult to procure on suitable terms. Some locations used for evacuation and transmission facilities are not owned by us and are located on land owned by third parties. Land used for our projects is subject to other third-party rights such as rights of passage and rights to place cables and other equipment on the properties, which may interfere with our right to use the land and ultimately impair our operations.

Any failure by us to secure suitable sites may materially impact the development of a project and may also result in non-compliance with related conditions under project agreements. If this occurs across a number of our projects, our business and prospects could be materially and adversely affected.

Land title in India can be uncertain, and it may be subject to onerous conditions which may restrict its use.

There is no central title registry for real property in India, and the documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and in local languages and, while digitization is proceeding in many states, have historically been updated manually through physical records. Therefore, property records may not be available online for inspection or updated in a timely manner, may be illegible, untraceable, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such property records. In addition, there may be a discrepancy between the duration of the principal lease under different orders issued by state governments in respect of a particular parcel of revenue land. Furthermore, title to land in India is often fragmented, and in many cases, land may have multiple owners. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance deeds and inadequate stamping, pending or on-going litigation and may be subjected to encumbrances of which we are unaware. In some cases, owners and those traditionally occupying or using land may differ. Any defects in, or irregularities of, title may result in a loss of development or operating rights over the land, which may prejudice the success of our power projects and require us to write off substantial expenditures in respect of our power projects.

In addition, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our power projects are or will be constructed may arise. However, an adverse decision from a court or the absence of an agreement with such third parties may result in additional costs and delays in the construction and operating phases of any solar projects situated on such land. Also, such disputes, whether resolved in our favor or not, may divert management's attention, incur extra-legal cost, harm our reputation or otherwise disrupt our business. For instance, we have filed civil suits in Gujarat seeking directions from the court to the counterparty to execute sale deeds in our favor.

Further, some properties used for our solar projects are subject to other third-party rights such as right of passage and rights to place cables and other equipment on the properties, which may result in certain interferences with our use of the properties. Our rights to the properties used for our solar projects may be challenged by property owners and other third parties for various other reasons as well. Any such challenge, if successful, could impair the development or operations of our solar projects on such properties.

Additionally, the power projects that we may develop or acquire in the future may be located on land that may be subject to onerous conditions under the lease agreements through which we acquire rights to use such land and rights of way. Furthermore, the state government may exercise its rights of eminent domain, or compulsory acquisition in respect of land on which our projects are or will be located. Any of this may adversely affect our business, results of operations, financial condition and cash flows.

We do not own all the land on which we operate.

We lease some of the land that we utilize or intend to utilize for our projects, and we may be subject to conditions under the pertinent lease agreements. Such conditions typically include restrictions on leasehold interest or rights to use the land, continual operating requirements, and other obligations which include obtaining requisite approvals, payment of necessary statutory charges and giving preference to local workers for construction and maintenance. We are also exposed to the risk that these leases will not be extended or will be terminated by the relevant lessors. Some of our projects are located, or will be located, on revenue land that is owned by the state governments or on land acquired or to be acquired from private parties. The timeline for transfer of title in the land is dependent on the type of land on which the projects are, or will be, located, and the policies of the relevant state government in which such land is located. In the case of land acquired from private parties, which is agricultural land, the transfer of such land from agriculturalists to non -agriculturalists such as our Company and the use of such land for non-agricultural purposes may require an order from the relevant state land or revenue authority allowing such transfer or use. For revenue land, we obtain a lease from the relevant government authority. In certain cases, the land leased for the development of renewable energy projects is obtained on a sub-lease. Such land may be subject to disputes on account of right of way, encroachment and other related issues.

The timeline for transfer of title to the land depends on the type of land on which the projects are located and the policies of the relevant state government in which such land is located. In the case of land acquired from private parties, which is agricultural land, the transfer of such land may require an order from the relevant state land or revenue authority allowing such transfer or use. There is no certainty that the outstanding approvals would be received on time, or that lease or sub-lease deeds would be executed in a timely manner, such that the operation of the projects will continue unaffected. In certain cases, any delay in the construction or commissioning of a project may result in termination of the lease. Further, the terms of lease and sub-lease agreements may also not be co-terminus with the lifetime of the power projects. If the relevant lessor does not wish to renew the lease or sub-lease agreements, we may be forced to remove our equipment at the end of the lease and/or sub-leases and we may not be able to find an alternative location in the short term or at all. Consequently, our business, results of operations, financial condition and cash flows could be adversely affected.

Contractual Risks Related to Our PPAs and Fixed Tariffs

We conducted a review of our projects under contract to consider their commercial and economic viability. In addition, in Fiscal 2022, the Special Committee was convened to review certain material projects and contracts over a three-year period for anti-corruption and related compliance issues. *See" — We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities."*

PPAs in respect of our 4,000 MWs manufacturing linked tender

Pursuant to the manufacturing linked tender award of 4,000 MW, the Group executed PPAs for a capacity of 2,333 MW with SECI, for which SECI executed a Power Sale Agreement ("PSA") with the state of Andhra Pradesh during Fiscal Year 2022. In respect of these 2,333 MW projects, two PILs were filed in the High Court of Andhra Pradesh in Fiscal Year 2022, challenging various aspects of the manufacturing linked tender and seeking to quash the Andhra Pradesh Regulator's approval for procurement of capacity tied up by Andhra Pradesh Discoms with SECI pursuant to the tender. The tariff adoption for the capacities by the CERC is subject to the outcome of the PILs. We are not a party to the PILs, and the PILs currently are pending adjudication. We cannot predict the outcome of these two PILs and an adverse decision could materially impact us.

Based on the economics and uncertainties associated with the PILs and Special Committee review, the Group decided to terminate the PPAs in respect of these 2,333 MW projects and filed a petition at the Andhra Pradesh High Court seeking a declaration that the Group should be discharged from performance of the obligations under the Andhra Pradesh PPAs for a capacity of 2,333 MW as a result of the absence of the unconditional tariff adoption order from the regulatory commission. Considering the communication received from SECI and imminent threat of encashment of Bank Guarantees of INR 1,223 million (US$ 14.3 million) as submitted by us for 2,333 MW PPAs, we obtained an interim order dated October 16, 2023 from the High Court of Andhra Pradesh restraining such encashment and any coercive action against us till the next hearing date. The next hearing date will be notified by the court in due course.

On March 18, 2024, we received two letters from SECI. In its first letter, SECI stated that it had terminated the PPAs with the Group in respect of the 2,333 MW projects and reserved its rights to act against the Group including forfeiture of the performance guarantees and success charges and fees in respect of the PPAs and other documentation associated with the 2,333 MW projects. In its consolidated financial statements for Fiscal Year 2023, the Group recorded a write-off of INR 254 million (US$ 3.0 million) towards irrecoverable costs and a provision of INR 1,223 million (US$ 14.3 million) towards Bank Guarantees.

In its second letter, SECI informed the Group that it was awarding the 2,333 MW projects and associated PPAs to a third-party. Further, SECI informed the Group that it had reduced Azure's capacity allocation under the manufacturing Letter of Award by 2,333MW and its corresponding manufacturing capacity under Manufacturing Contract Agreements (MCAs) of solar cells and solar modules by 583 MW from 1,000 MW.

In light of the Special Committee review as well as economic and execution challenges, the Group decided to withdraw from the 700 MW projects which is part of the 4,000 MW manufacturing linked tender awarded by SECI.

The Group continues discussions with SECI to ensure an orderly withdrawal from the 700 MW projects and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the projects. The Group recognized a provision of INR 1,053 million (US$ 12.3 million) and INR 20 million (US$ 0.2 million) towards irrecoverable costs/ Bank Guarantee in relation to the 700 MW projects in its consolidated financial statements for Fiscal Year 2023 and Fiscal Year 2024 respectively. Further during Fiscal Year 2025, SECI encashed bank guarantee amounting to INR 350 million (US$ 4.1 million), which was adjusted against the provisions recognized in earlier years.

Separately, Bank Guarantees of approximately INR 220 million (US$ 2.6 million) were submitted for obligations under module MCAs. To prevent coercive actions, including encashment of the bank guarantees, we filed a petition before the High Court of Andhra Pradesh. A stay has been granted against any coercive action including such encashment, and the next hearing date will be notified in due course.

In Fiscal Year 2025, a further provision of INR 195 million (US$ 2.3 million) was recognized towards bank guarantees related to MCAs referred to above, including delays due to reduced capacity under the MCAs.

PPA in respect of our 150 MW solar-wind Hybrid project

In case of the 150 MW solar-wind Hybrid Project, in light of economic and execution challenges, the Group decided to withdraw from the project and the associated ISTS Connectivity grant. The Group continues discussions with SECI to ensure an orderly withdrawal from the 150 MW Hybrid Project and from the obligations of the Group under the PPA, Performance Bank Guarantees and other guarantees relating to the Hybrid Project. In Fiscal Year, 2025, the Group recognized a provision of INR 199 million (US$ 2.3 million) towards Bank Guarantees in relation to the 150 MW Hybrid Project.

The Group may be subject to penalties and damages in connection with the termination of the PPAs in respect of the 2,333 MW, withdrawal from the 700 MW PPAs and 150 MW solar-wind Hybrid Project, which could have a material adverse impact on the Group's business, results of operations and financial condition.

We may not be able to sign PPAs for balance capacity of 967 MWs in respect of the 4,000 MWs manufacturing linked tender for which letter of award has already been received.

In Fiscal 2020, we won a bid for 2,000 MWs manufacturing linked project with SECI, and we also elected to exercise a greenshoe option for an additional 2,000 MWs as per auction guidelines. During Fiscal 2022, we had executed PPAs with SECI for an aggregate of 2,983 MWs out of 4,000 MWs and in January 2023 we executed a PPA for an additional 50 MWs. PPAs for the balance capacity of 967 MWs are still pending for execution with SECI. SECI has stated that they shall only be able to sign PPAs for the remaining 967 MWs, if they get Discoms to sign PSAs for such un-mapped capacity. We will continue our discussions with SECI towards signing PPAs for the balance capacity of 967 MWs. In case we are unable to sign PPAs in respect of this capacity, it could adversely affect our prospects.

Our PPAs may be terminated upon the occurrence of certain events.

Our profitability is largely a function of our ability to manage our costs during the terms of the PPAs and operate our power projects at optimal levels. If we are unable to manage our costs effectively or operate our power projects at optimal levels, our business, results of operations, financial condition and cash flows may be adversely affected. Our PPAs typically allow an off-taker to terminate the agreement or demand penalties from us upon the occurrence of certain events, including but not limited to, the failure to comply with prescribed minimum shareholding requirements; complete project construction or connection to the transmission grid by a certain date; supply the minimum amount of power specified; comply with prescribed operation and maintenance requirements; obtain regulatory approvals and licenses; comply with technical parameters set forth in grid codes and regulations; and comply with other material terms of the relevant PPAs. Furthermore, most of our PPAs allow termination on a case-by-case basis in the event force majeure event(s) continue for an extended period of time.

In instances of PPA termination where we are entitled to receive termination payments from a counterparty or distribution company due to such counterparty's or distribution company's material breach, there can be no certainty that such counterparty or distribution company will make such payments on time or at all. Further, it is unlikely that termination payments will be adequate to pay all the outstanding third-party debt that we have borrowed for the project.

Certain of our PPAs allow our off-takers to purchase the relevant project from us under certain circumstances. Some of the PPAs also entitle our lenders to appoint another party as the operator of our projects, under certain circumstances, such as the creation of security contravening the terms of the relevant PPAs, bankruptcy, insolvency or winding up proceedings against a power generator, or a change in control event without the lender's consent. If any such third party is not appointed within the stipulated time, the PPAs may be terminated by the off-takers and we may be required to acquire the project on mutually agreed terms as per the relevant PPAs. If we are unable to acquire the project, the lenders may enforce their mortgage rights under the respective credit agreements. If such buyouts or step-ins occur and we are unable to locate and acquire suitable replacement projects on time or at all, our business, results of operations, financial condition and cash flows may be materially and adversely affected.

Restriction in transfer of PPAs

Certain PPAs, particularly our PPAs executed with SECI, require us to retain the controlling shareholding (more than 50% of the voting rights and paid-up share capital) prevalent at the time of the signing of the PPA from one to three years after the commercial operation date (except with prior approval); however, transfer of controlling shareholding within the same group of companies is permitted with the permission of SECI after the commercial operation date, subject to the condition that the management control remains within the same group of companies. This effectively restricts our ability to generate revenues through sale of allotted projects, until after one to three years from the commercial operation date and can materially and adversely affect our business, results of operations, financial condition and cash flows.

Risks Related to Litigation and Legal Proceedings

We may become involved in costly and time-consuming litigation, arbitration and other regulatory proceedings, which require significant attention from our management.

We may, in the ordinary course of our business, become involved in litigation, administrative or arbitral proceedings. For example, we are and may become subject to litigation against counterparties to project agreements, additional demands from Indian governmental or tax authorities, including, but not limited to, on account of differing interpretations of central and state tax statutes in India, which are extensive and subject to change from time to time. Additionally, claims may be brought against or by us from time to time regarding, for example, defective or incomplete work, defective products, personal injuries or deaths, damage to or destruction of property, breach of warranty, late completion of work, delayed payments, breach of module supply contracts, intellectual property rights, regulatory compliance, labor issues, environmental issues and ownership rights. Further, claims may be brought against due to employee and executive compensation related matters. These various claims may subject us to litigation, arbitration and other legal proceedings, which may be expensive, lengthy, disruptive to normal business operations and require significant attention from our management.

If we were found to be liable on any of the claims against us, we would incur a charge against earnings to the extent a reserve had not been established for coverage. If amounts ultimately realized from the claims by us were materially lower than the balances included in our financial statements, we would incur a charge against earnings to the extent profit had already been accrued. Charges and write-downs associated with such legal proceedings could materially and adversely affect our business, results of operations, financial condition and cash flows. Moreover, adverse publicity from such legal proceedings, particularly those resulting in judgments or findings against us, may harm our reputation and competitiveness in the market.

An action alleging violations of U.S. securities laws was brought against our Company in the New York.

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of INR 1,945 million (US$ 23.0 million) on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

External Risks Including the Global Economy, Unrest, Terrorism War, Downgrading of India's Debt rating

Any downgrading of India's sovereign debt rating by an international rating agency could adversely impact our business, results of operations, financial condition and cash flows.

India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "stable" outlook (Fitch). Any adverse revisions to India's credit ratings by international rating agencies may adversely affect our ratings, terms on which it is able to finance capital expenditure or refinance any existing indebtedness. This could adversely affect our business, results of operations, financial condition and cash flows.

Risks Related to Our Corporate Structure, Control of our Business and Investments in Mauritius Companies

Our Company will have to rely principally on dividends and other distributions on equity paid by its operating subsidiaries and limitations on their ability to pay dividends to our Company could adversely impact your ability to receive dividends on our Company's equity shares.

Since our Company cannot borrow from our Indian subsidiaries, dividends and other distributions on equity paid by our operating subsidiaries will be our principal source of cash to fund our operations including corporate expenses and taxes. Accordingly, our Company may need to issue additional equity or borrow funds, either of which may be unavailable on attractive terms, if at all.

If our operating subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. As our key operating subsidiary, APIPL, is established in India, it is also subject to certain limitations with respect to dividend payments. As of the date of these financial statements, APIPL has not paid any cash dividends on its shares and does not intend to pay dividends to its equity shareholders, including us, in the foreseeable future. Moreover, as we do not own 100% of APIPL, any dividend payment made by APIPL to us will also involve a payment to the other shareholders of APIPL. If we do not receive distributions or payments from APIPL, the liquidity, financial condition and our cash flows could be materially and adversely affected.

Anti-takeover provisions in our Company's constitutional documents could make an acquisition of us more difficult and may prevent attempts by our Company's shareholders to replace or remove our Company's current management.

Provisions in our Company's Constitution may have the effect of delaying or preventing a change in control or changes in our management, including the following provisions which may be regarded as defensive measures:

- a staggered Board (where only a portion of the Board is subject to election at one time);
- the ability to issue additional shares (including "blank check" preferred stock);
- granting directors, the absolute discretion to decline to register a transfer of any shares;
- requiring that amendments to our Company's Constitution be approved by a special resolution of the shareholders of our Company; and
- limiting the liability of, and providing indemnification to, our Company's directors and officers.

These provisions may restrict or prevent any attempts by our Company's shareholders to replace or remove our Company's current management by making it more difficult for shareholders to replace members of our Board, which is responsible for appointing the members of our Company's management team. The provisions could also deprive our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of us and generally limit the market price of our Company's shares.

***Our Company's largest shareholder owns 53.4% of our shares and may exercise control of our Company*.**

Our Company's largest shareholder, CDPQ Infrastructures Asia Pte Ltd. ("CDPQ Infrastructures"), owns 53.4% of our Company's shares. CDPQ Infrastructures is a company organized and existing under the laws of Singapore and is a wholly owned subsidiary of the Caisse de dépôt et placement du Québec, a body constituted by the Act Respecting the Caisse De Dépôt Et Placement Du Québec. Consequently, CDPQ Infrastructures has the ability to exercise control over our Company and may have the power to elect and remove the Directors and may determine the outcome proposals for corporate action requiring ordinary resolution of our Company's equity shareholders. The interests of CDPQ Infrastructures may be different from our interests or the interests of other shareholders of our Company. As a result, CDPQ Infrastructures, may delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, sale of assets, or consolidation, or delay or defer the payment of dividends, or delay or defer fresh capital raise, or seek to determine or direct the price at which new capital is raised. At present, CDPQ Infrastructures has three nominee Directors on our Board including Mr. Philippe Pierre Wind, Mr. Brijesh Mehra and Ms. Pratibha Bajaj.

You may have difficulty enforcing judgments against our Company, our Company's directors and management. Further, investors may not be able to enforce a judgment of a foreign court against our Indian subsidiaries, certain of our Company's directors, or our key management, except by way of a suit in India on such judgment.

Our Company is incorporated under the laws of Mauritius. Further, we conduct substantially all our operations in India through our key operating subsidiaries in India. All our Company's directors and officers reside outside the United States, and all our assets and some or all the assets of such persons are located outside the United States. As a result, it may be difficult or impossible to effect service of process within the United States upon our Company or those persons, or to recover against our Company or them on judgments of United States courts, including judgments predicated upon the civil liability provisions of the United States federal securities laws. An award of punitive damages under a United States court judgment based upon United States federal securities laws is likely to be construed by Mauritian and Indian courts to be penal in nature and therefore unenforceable in both Mauritius and India. Further, no claim may be brought in Mauritius or India against our Company or our Company's directors and officers in the first instance for violation of United States federal securities laws because these laws have no extraterritorial application under Mauritian or Indian law and do not have force of law in Mauritius or India. However, a Mauritian or Indian court may impose civil liability, including the possibility of monetary damages, on our Company or our Company's directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Mauritian or Indian law. Moreover, it is unlikely that a court in Mauritius or India would award damages on the same basis as a foreign court if an action were brought in Mauritius or India or that a Mauritian or Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Mauritius or Indian practice or public policy.

The courts of Mauritius or India would not automatically enforce judgments of United States courts obtained in actions against our Company or our Company's directors and officers, predicated upon the civil liability provisions of the United States federal securities laws, or entertain actions brought in Mauritius or India against our Company or such persons predicated solely upon United States federal securities laws. Further, there is no treaty in effect between the United States and Mauritius providing for the enforcement of judgments of United States courts in civil and commercial matters and the United States has not been declared by the GoI to be a reciprocating territory for the purposes of enforcement of foreign judgments, and there are grounds upon which Mauritian or Indian courts may decline to enforce the judgments of United States courts. Some remedies available under the laws of United States jurisdictions, including remedies available under the United States federal securities laws, may not be allowed in Mauritian or Indian courts if contrary to public policy in Mauritius or India. Because judgments of United States courts are not automatically enforceable in Mauritius or India, it may be difficult for you to recover against us or our Company's directors and officers based upon such judgments. In India, prior approval of the Reserve Bank of India is required to repatriate any amount recovered pursuant to such judgments.

The courts of Mauritius would not automatically enforce foreign judgments. In order for a final and conclusive judgment for a definite sum (not being a sum payable in respect of taxes or other charges of a like nature, in respect of a fine or other penalty, or in respect of multiple damages) rendered in any action or proceedings brought against our Company to be recognised as a valid judgment by the courts of Mauritius, a court application for "exequatur" would have to be lodged with the courts of Mauritius. On general principles, such proceedings would have to satisfy certain criteria as follows:

(a) the foreign judgment is still valid, final and capable of execution in the jurisdiction in which it was delivered, notwithstanding that an appeal may be pending against it or that it may still be subject to an appeal in such country;

(b) the foreign judgment is not contrary to any principle affecting public policy in Mauritius;

(c) the foreign court which delivered the said judgment had jurisdiction to hear the claim;

(d) the Mauritian conflict of laws rules were respected;

(e) there has not been any *fraude à la loi*, i.e. any malice, bad faith or fraud on and in the choice of law and jurisdiction clauses; and

(f) the Company had been regularly summoned to attend the proceedings before the foreign court.

All our operating subsidiaries are incorporated under the laws of India. In addition, certain of our Company's directors and substantially all our director and officer reside in India, and all or a substantial portion of our assets and such persons are in India. As a result, it may not be possible for investors to effect service of process upon such persons outside India, or to enforce judgments obtained against such parties outside India. In India, recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code, 1908 (the "Civil Code") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the GoI has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty and does not apply to arbitration awards. Further, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exceptions under Section 13 of the Civil Code.

The United Kingdom, Singapore and Hong Kong (among others) have been declared by the GoI to be reciprocating territories for the purposes of Section 44A. However, the United States has not been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Code. Accordingly, a judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh proceeding suit instituted in a court of India and not by proceedings in execution. Such a suit must be filed in India within three years from the date of the judgment in the same manner as any other suit filed in India to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court would if an action were brought in

India. Further, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such judgment and such amount may be subject to income tax in accordance with applicable laws. In addition, any judgment awarding damages in a foreign currency would be converted into Indian Rupees on the date of the judgment and not the date of payment. We cannot predict whether a suit instituted in an Indian court will be disposed of in a timely manner or be subject to considerable delay.

Sales of a substantial number of our Company's shares by our Company or our Company's existing shareholders, could cause our Company's share price to fall.

Sales of a substantial number of our shares in the public market by our Company or shareholders, or the perception that such sales might occur, could depress the market price of our Company's shares and could impair our ability to raise capital through the issuance of additional equity securities of our Company. We are unable to predict the effect that these sales and others may have on the prevailing market price of our Company's shares.

Future sales of our Company's shares by our existing shareholders may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the market price of our Company's shares to decline and make it more difficult for you to sell our Company's shares.

Future issuances of any equity securities may cause a dilution in your shareholding, decrease the trading price of our equity shares, and restrictions agreed to as part of debt financing arrangements may place restrictions on our operations.

Any issuance of equity securities could dilute the interests of our shareholders and could substantially decrease the trading price of our equity shares. Our Company may issue equity or equity-linked securities in the future for a number of reasons, including to finance our working capital and operations and business strategy (including in connection with acquisitions and other transactions), to adjust our ratio of debt to equity, to satisfy our obligations upon the exercise of then-outstanding options or other equity-linked securities, if any, or for other reasons. In the case where pre-emptive rights have been waived, the issuance of such additional securities may significantly dilute the equity interests of investors, subordinate the rights of holders of equity shares if preferred shares are issued with rights senior to those afforded to our Company's equity shares, or harm prevailing market prices for our Company's equity shares.

Tax Risks for Shareholders and Investors

You may be subject to taxation on income arising from the sale of our shares.

Shareholders are cautioned that they may be subject to taxation on income arising from the sale of our shares and should consult their own tax advisors about the consequences of the acquisition, ownership, and disposition of our equity shares, including the relevance to their particular situation and any consequences arising under Mauritius, Indian, Singapore, United States and other foreign, state or local tax laws.

VI. ADDITIONAL INFORMATION

A. Legal Proceedings

We are currently involved in and may from time to time, become involved in legal, arbitration or governmental proceedings or be subject to claims arising in the ordinary course of our business. We are not presently party to any legal proceedings that, in the opinion of our management, would reasonably be expected to have a material adverse effect on our business, financial condition, operating results or cash flows if determined adversely to us. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

As the Company has previously disclosed, a class action lawsuit that was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognized a provision of INR 1,945 million (US$ 23.0 million) on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

The Company and its subsidiary, Azure Power India Private Limited ("APIPL"), were parties to an arbitration proceeding initiated by Mr. Inderpreet Singh Wadhwa ("IW"), former Chairman, CEO, and Managing Director of the Company, and Mr. H.S. Wadhwa ("HSW"), former COO of APIPL. The dispute concerned the purchase price of their respective shareholdings in APIPL. The arbitration was conducted under rules of the Singapore International Arbitration Centre (SIAC). The arbitration concluded with an award in our favor. Subsequently, IW and HSW filed an appeal challenging the SIAC award which was also dismissed by Singapore High Court vide order dated June 29, 2022, thereby, upholding the Award in our favor. We have filed a petition before the High Court of Delhi seeking enforcement of the award. During these proceedings, IW and HSW have been restrained from alienating or creating any third-party rights over their shares in APIPL, which form the subject matter of the award. This matter is next listed for hearing on July 21, 2025.

In relation to APIPL's IPTP 2 Project in New Delhi, APIPL received an assessment order dated February 17, 2021 revised on February 10, 2025, from the South Delhi Municipal Corporation ("SDMC") demanding approximately INR 202 million (US$ 2.4 million) in property tax (including interest) for Fiscal Year 2016 to Fiscal Year 2025. APIPL has challenged the order before the High Court of Delhi, seeking to quash the assessment order, related notice, and demand. As per oral submissions of SDMC's counsel before the Court, no coercive action for recovery will be taken until the next hearing.

In July 2024, APIPL received a notice invoking arbitration from FS India Solar Ventures Private Limited ("FS India Solar") under the Module Supply Agreement dated August 22, 2022 ("MSA") executed between the parties. FS India Solar has alleged breach of the MSA by APIPL and is claiming compensation of INR 2,497 million (USD 29.2 million). The hearing in this matter is scheduled for September 03, 2025.

In December 2024, Siemens Gamesa Renewable Power Private Limited ("SGRE") served a notice invoking arbitration against APIPL, under a supply contract alleging a breach of contractual obligations and claimed compensation of approximately INR 1,934 million (US$ 22.6 million). On June 26, 2025, the said dispute between APIPL and SGRE has been mutually settled.

APIPL is currently involved in two arbitration proceedings initiated by former executives Mr. Ranjit Gupta and Mr. Murali Subramaniam. The claims pertain to, among other things, alleged non-payment of severance benefits and stock appreciation rights under their respective employment contracts. The arbitral tribunal has been constituted. The next hearing is scheduled for January 27, 2026.

Pursuant to the manufacturing linked tender award of 4,000 MW, we have executed PPAs against PSA capacity tied up with the state of Andhra Pradesh for 2,333 MW ("2,333 PPAs"). In relation to the aforesaid tender, two Public Interest Litigations ("PILs") have been filed before the High Court of Andhra Pradesh against the MoP, MNRE, SECI, Government of Andhra Pradesh and others. APIPL is not a party to these PILs. These PILs seeks, among other reliefs quashing of Request for Selection dated June 25, 2019 ("RfS") issued by SECI pursuant to which Azure was awarded the manufacturing linked project for 4,000 MW capacity. The next hearing date in these PILs is August 08, 2025. If the PILs are allowed, it may lead to cancellation of the Letter of Award awarded to APIPL. While we cannot predict the outcome, an adverse decision could materially impact us.

APIPL's performance under 2,333 MW PPAs tied up for supply to State of Andhra Pradesh was adversely impacted due to SECI's failure to obtain an unconditional tariff adoption order and other supervening events beyond APIPL's control. Based on these economic reasons, as well as the Special Committee investigation, APIPL terminated the 2,333 MW PPAs. See "Risk Factors - We have conducted investigations into whistle-blower complaints and other allegations against persons who served as our directors, officers and employees. We reported the allegations and our findings to the SEC and the U.S. Department of Justice and continue to cooperate with these authorities.” Considering the communication received from SECI and the imminent threat of encashment of Bank Guarantees as submitted by us for 2,333 MW PPAs, we obtained an interim order dated October 16, 2023, from the High Court of Andhra Pradesh restraining such encashment and any coercive action against us till the next hearing date. The next hearing date will be notified by the court in due course.

Separately, APIPL executed two Manufacturing Contract Agreements (“MCA/s”) under the same RfS for setting up of a solar module manufacturing facility with capacity of 1,000 MW (2×500 MW). On March 18, 2024, SECI unilaterally reduced said the capacity to 417 MW, citing alleged defaults under the 2,333 PPAs. To prevent coercive actions, including encashment of Bank Guarantees of approximately INR 220 million (US$ 2.6 million) submitted under MCAs, we filed a petition before the High Court of Andhra Pradesh. A stay has been granted against any coercive action including such encashment, and the next hearing date will be notified in due course.

In relation to our 10 MW project in Gujarat, Gujarat Urja Vikas Nigam Limited (“GUVNL”) filed a petition before the Gujarat Electricity Regulatory Commission (“GERC”), seeking reduction in the tariff under respective PPA from INR 12.51 kWh as originally determined by GERC under Section 62 of the Electricity Act, to INR 8.15 KWh. GERC and the Appellate Tribunal for Electricity (“APTEL”) both dismissed the GUVNL’s claims. GUVNL subsequently filed an appeal filed against the order of APTEL before the Supreme Court of India, which remains pending. The next date in this matter will be intimated in due course.

In relation to our 50 MW project in the State of Andhra Pradesh, the AP distribution licensee (“Discom”) sought to reduce the tariffs under PPA from INR 5.89 per unit to INR 2.44 per unit, applicable to other developers for solar and wind projects in the state. We along with other developers, filed a writ petition before the High Court at Andhra Pradesh challenging this reduction which was eventually quashed by the High Court. The Discom had filed a special leave petition (“SLP”) before the Supreme Court which was also dismissed on January 02, 2023. Subsequently, the Discom filed another SLP before the Supreme Court challenging the Division Bench’s decision for dismissal of the petition pending before the regulatory commission regarding tariff reduction for competitively bid project under Section 63 of the Electricity Act. This second SLP is currently pending before Supreme Court. If allowed, it may have an adverse impact on us. The next date of the hearing shall be intimated in due course. We have been facing deductions made by AP Discom from our monthly invoices alleging excess installation capacity in the Project. With a view to resolve the issue, we the Company decided to disconnect the said capacity, and has initiated the process seeking release of the withheld payments from AP Discom.

Separately, the Discom withheld payments at the PPA tariff, resulting in significant outstanding dues, including late payment surcharge as per the terms of the PPA. While the Discom eventually cleared the principal amounts, it did so with certain shortfalls and without paying the applicable late payment surcharge. As a result, we filed a petition before APERC seeking directions for the Discom to release the outstanding late payment surcharge in accordance with the PPA. This petition remains pending.

A PIL was filed before Supreme Court by certain individuals and organizations claiming interest in wildlife conservation seeking protection of two endangered bird species, namely the GIB and the Lesser Florican found in the states of Rajasthan and Gujarat. The petition was filed against several parties, including various state governments such as Rajasthan, Gujarat and MNRE, MoP. By order dated March 21, 2024, the Supreme Court modified its earlier directions dated April 19, 2021, recognizing the need to balance the protection of endangered species with the growth of the renewable energy sector and India’s climate commitments to reduce emissions. In the modified order the Court, among other things, (i) Restricted the undergrounding requirement (subject to feasibility), only to the designated Priority Area (i.e. 13,163 sq. kms as identified under the order); (ii) Eased the restrictions in the Potential Area (as identified under the order); and (iii) constituted an expert committee ‘inter alia’ including representatives of the power sector to ascertain the technical feasibility of undergrounding of High and Low Voltage transmission lines in the Priority Area and to propose guidelines for laying of transmission lines in the Potential Area. The said committee submitted its report to the Court through union government on May 13, 2025. The next date of hearing in the matter is yet to be intimated.

Based on evaluation of the management, the capital outflow for acquisition and installation of bird divertors are not material. In relation to the affected projects, we filed petitions before appropriate regulatory commissions seeking relief for change in law due to directions of the Supreme Court for installation of bird diverters. All these petitions have been decided in our favor allowing our claim for change in law relief.

For setting up of 1200 MW ISTS connected Wind power projects issued by SECI dated May 25, 2021 ("RfS"), APIPL was awarded 120 MW. SECI filed a tariff adoption petition before CERC which was allowed by CERC by order dated March 09, 2024, despite objections raised by APIPL and other similarly placed developers. Along with other developers, APIPL have filed an appeal before APTEL challenging the CERC order. The appeal is currently pending, and the next date for hearing in this matter will be communicated in due course.

We received demand notices from Tax Authorities in the state of Andhra Pradesh under the Andhra Pradesh Tax on Entry of Goods Act, 2001. These demands were stayed as we challenged these before the High Court of Andhra Pradesh. In the event the petitions are not allowed we may have to submit the demand tax amount. The petitions remain pending, and the next date of the hearing will be intimated in due course.

In relation to our 130 MW project located in Rajasthan we filed a petition seeking change in law relief for increase in the effective tax rates under the GST laws from 5% to 8.9% (on gross consideration) on the Composite EPC Contracts with effect from January 01, 2019, which was decided by the Maharashtra Electricity Regulatory Commission ("MERC") in our favor allowing most of our claimed amount. Though the Discom i.e. Maharashtra State Electricity Distribution Co. Ltd. ("MSEDCL") has filed an appeal before the Supreme Court challenging such allowance of our claim, MSEDCL and the Company have entered into a supplementary power purchase agreement whereby MSEDCL is releasing the payments in terms of directions passed by MERC subject to the rights available to it under law. The next date of the hearing in the Appeal filed by MSEDCL will be intimated in due course.

In relation to Rajasthan 6, Rajasthan 8, Rajasthan 9 and Assam 1 Projects, we filed petitions seeking reimbursement of the additional expenses incurred due to increase in the GST rate from 5% to 12% effective from October 01, 2021 on supply of Solar Power Generator. These petitions were decided in our favor directing the respective procurers under these Projects to reconcile the claim amounts. We are in the process of submitting documents for reconciliation of the claim amount. In relation to these projects, we have also filed Appeals before APTEL seeking revision in the annuity rate and rate of carrying cost. These appeals remain pending, and the next date of the hearing will be intimated in due course.

In relation to Rajasthan 8 and Rajasthan 9 projects, we filed petitions before CERC seeking declaration for change in law events and reimbursement of the additional expenses incurred due to (a) increase in the rate of basic customs duty from 5% to 20% on the solar inverters being imported into India from February 02, 2021 (b) imposition of safeguard duty on import of Solar Cells whether assembled or not, in modules or panels. CERC ruled in our favor making us entitled to compensation on account of the said change in law events. We are in the process of submitting documents for reconciliation of the claim amount in relation to imposition of safeguard duty, the off-takers for the Rajasthan 8 project have filed appeals before APTEL, out of which one appeal has been dismissed by APTEL. The off-taker has challenged the dismissal order before Supreme Court. These appeals remain pending, and the next date of the hearing will be intimated in due course.

In relation to our 40 MW project in Karnataka, Karnataka Electricity Regulatory Commission ("KERC") withdrew the extension granted by the procurer under PPA for the commissioning due to force majeure and reasons not attributable to us and directed the procurer to enforce a reduced tariff and recover liquidated damages due to delay based on "actual commercial operation date". We challenged this decision before APTEL, which was decided in our favor by order dated August 12, 2021, holding that we are entitled to payment at PPA Tariff. The procurer has filed an appeal before the Supreme Court, and which is presently pending. Similarly, in relation to our 50 MW project in Karnataka, we had a favorable order from APTEL dated February 28, 2020, holding us entitled for full PPA tariff as against the reduced tariff as claimed by the procurer under the PPA. Since the procurer failed to comply with APTEL's judgment, we filed an execution petition. APTEL decided the petition in our favor on May 30, 2025, directing the distribution licensee to release the outstanding amount within six weeks from receipt of the order. The procurer had filed an appeal before the Supreme Court which was dismissed on July 15, 2025.

In relation to our Rajasthan 9 project, the off-taker namely, Madhya Pradesh Power Management Company Limited ("MPPMCL") filed a petition before the Madhya Pradesh Electricity Regulatory Commission ("MPERC") alleging shortfall in generation and supply from the Project leading it to procure electricity from other, higher-cost sources. For that reason, the off-taker seeks compensation amounting to INR 843 million (US$ 9.9 million) for Fiscal Year 2023 and Fiscal Year 2024. The next date of the hearing in this matter is July 23, 2025.

B. Principal Accountant Fees and Services

The following table shows the aggregate fees recognized in the current year for professional services and other services rendered by ASA & Associates to us, including some of our subsidiaries.

	Fiscal		
	2024*	**2025**	**2025**
	(INR)	**(INR)**	**(US$)**
		(In million)	
Audit fees (audit and review of financial statements)	158	51	0.6
Total	**158**	**51**	**0.6**

* Included INR 103 million (US$ 1.2 million) for audit fee and other services related to earlier years.

C. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, including our Group's Chief Executive Officer and our Group's Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by these financial statements, March 31, 2025. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information disclosed by us in our reports is accumulated and communicated to management, including our Group's principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosure.

Based on the foregoing, our Group's Chief Executive Officer and our Group's Chief Financial Officer have concluded that, as of March 31, 2025, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting includes maintaining records that, in reasonable detail, accurately and fairly reflect our transactions; provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; provide reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and provide reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management used the Committee of Sponsoring Organizations of the Treadway Commission Internal Control—Integrated Framework (2013), or the COSO framework, to evaluate the effectiveness of our internal control over financial reporting. Management has assessed the effectiveness of our internal control over financial reporting as of March 31, 2025 and has concluded that such internal control over financial reporting is effective.

Enhancements to Governance and Compliance

In March 2024, the Company established an independent Compliance and Ethics Department led by a Chief Compliance and Ethics Officer (CCEO). The Compliance and Ethics Department provides independent oversight of the Company's risk management activities, tests financial and compliance controls, and oversees the Company's compliance and ethics program. The CCEO and his staff report directly to the Company's Audit and Risk Committee ("ARC").

This department is responsible for the Company's Compliance and Ethics Program, which is comprised of four pillars: compliance and ethics, enterprise risk management ("ERM"), internal audit, and internal controls of financial reporting ("ICoFR"). These pillars are summarized below.

Compliance and Ethics	Compliance and Ethics team is responsible for overseeing and monitoring the Company's compliance and ethics program, including enforcing the Code of Conduct and Ethics and related policies, managing the "Speak Up" program and whistleblower hotlines, conducting and supervising compliance and ethics training, and leading investigations.
Enterprise Risk Management (ERM)	Team reports on the ERM framework identify risks across the organization, tests and regularly updates its risk register, and works with Management to develop risk mitigation strategies and track Management response and action.
Internal Audit	Internal Audit team regularly audits business activities and functions and their compliance with the Code of Conduct and Ethics and related policies. Areas of the most significant risk are annually audited.
Internal Controls of Financial Reporting (ICoFR)	ICoFR team continually tests and monitors the Company's internal financial controls, seeking to identify and remediate weakness.

In March 2023, Vijay Kumar Wadhwani, a chartered accountant with over twenty-two years' experience in accounting, auditing, financial management, and compliance, joined the Company as the department head of the Management Assurance Services ("MAS"), the predecessor to the Compliance and Risk Department. When the Board adopted the Compliance and Ethics Department Charter to replace the MAS in March 2024, Mr. Wadhwani was designated by the Board as the Chief Compliance and Ethics Officer ("CCEO").

The Company has invested in and significantly enhanced its compliance program. As part of its investment, the Company's counsel provided a compliance subject matter expert whose experience includes working as an in-house compliance counsel for a publicly traded company and 17-years of service with the United States Department of Justice. This compliance counsel was embedded with the Compliance and Ethics Department for two months where he worked collaboratively worked with the CCEO, the management team, and business leaders throughout the Company to build and integrate compliance and ethics across the business and its operations. With the support of the Company's compliance counsel, the CCEO designed a program in line with the U.S. Department of Justice's ("DOJ") guidelines and best practices for effective compliance programs.

To build a best-in-class compliance and ethics program that modeled the DOJ's blueprint for effective compliance programs that also took into account the local legal and cultural framework, the Company implemented concrete measures, including:

- Publishing an upgraded Code of Conduct and Ethics and policies, including Anti-Bribery and Corruption, Conflicts of Interest, Anti-Money Laundering, Safeguarding Company Property, Maintaining Accurate Business Records, and Consequence Management, Data Privacy, and Anti-Bullying and Harassment, among others;

- Emphasizing "Speak Up" Program encouraging employees to report—even confidentially and anonymously—any actual or suspected violation of law or Company policy and strong anti-retaliation protections for employees who make such reports;

- Developing and implementing enhanced standard operating procedures in all critical areas, including land acquisition, third-party due diligence, and finance, among others;

- Upgrading compliance training, including new employee training and annual training;

- Expanding emphasis on the "tone from the top" with a strong, clear message from Management to set and reinvigorate the compliance culture of the organization;

- Implementing consequence management to standardize discipline, including formation of disciplinary review committee; requiring compliance and ethics to be an essential component of hiring and performance; and implementing claw backs and other consequences for misconduct.

Changes in internal control over financial reporting

Management, under the supervision of the Company's Audit and Risk Committee, has initiated remediation actions focused on improving the Group's internal control and compliance environment to address the control deficiencies that led to ineffectiveness in earlier years. Management has taken support from external consultants while performing this remediation exercise. These efforts include strengthening internal control framework, testing operational controls, training of team members and periodic monitoring by the Audit and Risk Committee of the effectiveness of the remedial efforts and overall reporting framework. As a result of measures to strengthen internal controls, the internal controls over financial reporting were effective during the year.

The specific remediation actions taken by management included.

- Redesign of all Standard Operating Procedures (SOPs) to enhance process and controls.
- Additional controls and Redesign of controls to reflect improved risk assessment and further improvements to the management review controls; and
- Standardization of review lead sheets and management review sheets to strengthen documentation of precision, outliners and Information Produced by entity (IPEs), including extensive trainings to teams on documentation.

The effectiveness of our internal control over financial reporting as at March 31, 2025 has been audited by ASA & Associates LLP, India, our independent registered public accounting firm, as stated in their report which is reproduced in its entirety below.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Azure Power Global Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Azure Power Global Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statement of operations and other comprehensive income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

We also have audited, in accordance with the International Standards on Auditing (ISAs), the Group's internal control over financial reporting as of March 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated July16, 2025, expressed an unqualified opinion thereon.

Going Concern

We draw attention to Note 27 in the consolidated financial statements, which describes certain ongoing investigations and legal proceedings on the Group, the outcome of which are unascertained at this stage. The management has assessed the Group's ability to continue as a going concern and the mitigating actions that have been deployed to address the effects on the Group.

Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
Our conclusions are based on the audit evidence obtained upto the date of our auditors' report and are not a guarantee as to the Company's ability to continue as a going concern. Our audit report is not modified in respect of above matter.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matters

We draw attention on the following matters:

a. Refer Note 27 to the consolidated financial statements, wherein the Company has voluntarily disclosed certain matters to the U.S. Securities and Exchange Commission and the U.S. Department of Justice. Engagement and cooperation with the aforesaid authorities is continuing on those matters. We are informed that any potential liability or penalty from authorities cannot be assessed at this stage.
b. Refer Note 1 to the consolidated financial statements which describes that the Company has been delisted from the New York Stock Exchange ('NYSE') on November 13, 2023 and with effect from April 1, 2024, Company's SEC reporting obligations have been suspended. The management believes that the delisting and suspension of reporting obligations would not have any impact on the operations of the Group.

c. Refer Note 27 to the consolidated financial statements which describes that the Company has entered into a settlement agreement and has received preliminary approval on April 30, 2025 against the class action lawsuit filed in the U.S. District Court for the Southern District of New York.

Our audit report is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. **Contingencies for investigations, lawsuits and other legal proceedings**

Key audit matter description	As discussed in Note 27 to the consolidated financial statements, due to the ongoing investigations, lawsuits and other legal proceedings, management is of the view, that the Group might be exposed to certain liabilities such as levy of damages, reduction of PPA tariffs, administrative actions from lenders, the risk of PPA cancellation, all of which could adversely impact the revenue, profitability, and capitalization of the affected projects. Any such fines or penalties could materially and adversely affect the Group's results of operations, financial condition, and cash flows in future periods.
How we addressed the matter in our audit	• We obtained and evaluated management's assessment and representation stating that no triggering event such as demand or any potential notice from any lender or regulator has happened, except the ongoing inquiries from U.S. Securities and Exchange Commission and the U.S. Department of Justice. • The discussions and disclosures to the U.S. Securities and Exchange Commission and the U.S. Department of Justice are ongoing and the Company is cooperating with all the issues raised by the regulators and based on submissions made till date, the management has confirmed that impact of the above matter is not ascertainable and hence no adjustment has been done in the consolidated financial statements (also refer paragraph on Going Concern). • We independently corresponded with the investigators and obtained written response from them. • We enquired with management and Audit and Risk Committee of the Board of Directors of the Company about the facts and obtained the representation in writing in this respect. • Considering the potential liabilities which are not presently ascertainable, we have reported the matter by way of emphasis of matter paragraph in this audit report (refer Emphasis of Matters paragraph (a) above)

b. Impairment and other estimates of Property, Plant & Equipment (PPE)

Key audit matter description	As discussed in Note 23 to the consolidated financial statements, the Group uses various inputs to assess indicators of impairment as well as evaluate the need to recognise any impairment provision. Also, the Group relies on various third-party expert reports for the purpose of estimation (e.g. useful life, fair valuation etc). Any departure/deviation in the estimates used will have a significant bearing on the carrying value of the PPE.
How we addressed the matter in our audit	• We have reviewed the third-party reports as made available to us and as applicable and the inputs used by management in determining the estimates and have performed following procedures: - We assessed the qualifications, independence, and objectivity of the external experts engaged by management to perform the fair value assessments. We

	reviewed the scope and terms of their engagement to ensure it aligns with audit requirements. - We reviewed the expert reports, including their methodologies, assumptions, data sources, and findings. We assessed whether the reports were consistent with relevant accounting standards and industry best practices. • We compared the expert report's conclusions and valuations to the estimates provided by management. • We evaluated management's process for identifying indicators of impairment, including changes in market conditions, technological advancements, economic factors, or internal issues that may suggest a potential impairment of PPE. • We assessed the appropriateness of management's methods and assumptions used to determine the fair value of PPE when impairment indicators were present. This involved evaluating the selection of valuation models, discount rates, and the use of external experts, if applicable. • We reviewed the documentation and underlying data used by management in their impairment assessment and fair value determination. This included examining historical financial data, market information, and internal reports.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with generally accepted accounting principles in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Place: Gurugram
Date: July 16, 2025

To the Shareholders of Azure Power Global Limited

Opinion on Internal Control Over Financial Reporting

We have audited the internal control over financial reporting as of March 31, 2025 of Azure Power Global Limited (the "Company") and its subsidiaries (the "Group"), based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the International Standards on Auditing (ISAs), the consolidated statement of financial position of the Group as of March 31, 2025, the related consolidated statements of operations and other comprehensive loss, changes in equity and cash flows of the Group for the year ended March 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"), and our report dated July 16, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the ISA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Place: Gurugram
Date: July 16, 2025

AZURE POWER GLOBAL LIMITED
Consolidated Balance Sheet
(INR and US$ amounts in millions, except share and par value data)

	As of March 31,		
	2024 (INR)	**2025 (INR)**	**2025 (US$)**
			(Note 2d)
Assets			
Current assets:			
Cash and cash equivalents	7,469	8,670	101.4
Restricted cash	8,271	9,192	107.5
Accounts receivable, net	4,623	4,636	54.2
Investments	-	3	0.0
Inventories	13	8	0.1
Prepaid expenses and other current assets	5,127	6,745	78.8
Assets classified as held for sale (1)	2,048	-	-
Total current assets	**27,551**	**29,254**	**342.0**
Non-current assets:			
Restricted cash	204	84	1.0
Property, plant and equipment, net	136,863	130,688	1,528.4
Software, net	9	10	0.2
Accounts receivable, net	3,582	3,445	40.3
Deferred income taxes	1,766	2,352	27.5
Right-of-use assets	4,210	4,082	47.7
Other assets	5,295	3,246	37.9
Investments	457	457	5.3
Total assets	**179,937**	**173,618**	**2,030.3**
Liabilities and shareholders' equity			
Current liabilities:			
Short-term debt	10,451	-	-
Accounts payable	1,429	1,092	12.8
Current portion of long-term debt	35,515	10,498	122.8
Income taxes payable	183	52	0.6
Interest payable	1,056	332	3.9
Deferred revenue	313	308	3.6
Lease liabilities	316	324	3.8
Other liabilities	4,563	7,440	87.0
Liabilities directly associated with assets classified as held for sale (1)	1,728	-	-
Total current liabilities	**55,554**	**20,046**	**234.5**
Non-current liabilities:			
Long-term debt	77,031	109,306	1278.2
Deferred revenue	6,518	6,197	72.4
Deferred income taxes	3,285	2,405	28.1
Asset retirement obligations	1,221	1,319	15.4
Lease liabilities	3,469	3,482	40.7
Other liabilities	73	67	0.8
Total liabilities	**147,151**	**142,822**	**1,670.1**

Shareholders' equity			
Equity shares, US$0.000625 par value; 64,166,360 and 64,166,360 shares issued and outstanding as of March 31, 2024, and March 31, 2025, respectively	3	3	0.0
Additional paid-in capital	56,741	56,724	663.4
Accumulated deficit	(20,942)	(24,073)	(281.5)
Accumulated other comprehensive loss	(3,583)	(2,061)	(24.1)
Total APGL shareholders' equity	**32,219**	**30,593**	**357.8**
Non-controlling interest	567	203	2.4
Total shareholders' equity	**32,786**	**30,796**	**360.2**
Total liabilities and shareholders' equity	**179,937**	**173,618**	**2,030.3**

(1) Refer note 2(u) and note 23(a) for details of classified assets held for sale.

AZURE POWER GLOBAL LIMITED
Consolidated Statements of Operations
(INR and US$ amounts in millions, except share and per share data)

	March 31,		
	2024 (INR)	**2025 (INR)**	**2025 (US$)**
Operating revenues:			(Note 2d)
Revenue from customers	21,307	20,523	240.0
Operating costs and expenses:			
Cost of operations (exclusive of depreciation and amortization shown separately below)	1,917	1,814	21.2
General and administrative	6,376	6,692	78.3
Depreciation and amortization	4,621	4,576	53.5
Impairment loss	622	327	3.8
Total operating costs and expenses:	13,536	13,409	156.8
Operating income	7,771	7,114	83.2
Other expense, net:			
Interest expense, net	11,031	10,683	124.9
Other income	(4)	-	-
(Gain)/ Loss on foreign currency exchange, net	(35)	8	0.1
Total other expenses, net	10,992	10,691	125.0
Loss before income tax	(3,221)	(3,577)	(41.8)
Income tax (expense)/ benefit	(182)	458	5.4
Net loss	(3,403)	(3,119)	(36.4)
Less: Net (loss)/gain attributable to non-controlling interest	(58)	12	0.1
Net loss attributable to APGL equity Shareholders	(3,345)	(3,131)	(36.5)
Net loss per share attributable to APGL equity Shareholders			
Basic	(52.13)	(48.80)	(0.57)
Diluted	(52.13)	(48.80)	(0.57)
Shares used in computing basic and diluted per share amounts			
Basic	64,166,360	64,166,360	64,166,360
Diluted	64,166,360	64,166,360	64,166,360

See accompanying notes.

AZURE POWER GLOBAL LIMITED
Consolidated Statements of Comprehensive Income
(INR and US$ amounts in millions)

	March 31,		
	2024 (INR)	**2025 (INR)**	**2025 (US$)**
			(Note 2d)
Net loss attributable to APGL equity Shareholders	(3,345)	(3,131)	(36.5)
Add: Non-controlling interest	(58)	12	0.1
Other comprehensive (loss)/ income, net of tax			
Foreign currency translation	(393)	3,460	40.4
Effective portion of cash flow hedge	1,202	(2,300)	(26.9)
Income tax effect on effective portion of cash flow hedge	(153)	362	4.2
Total other comprehensive income	**656**	**1,522**	**17.8**
Total comprehensive loss	**(2,747)**	**(1,597)**	**(18.7)**

See accompanying notes.

AZURE POWER GLOBAL LIMITED
Consolidated Statements of Shareholders' Equity
(INR and US$ amounts in millions)

	Equity share capital	Additional paid-in capital	Accumulated other comprehensive loss [1]	Accumulated Deficit	Total APGL shareholders' equity	Non-controlling interest	Total shareholders' equity
Balance as of March 31, 2023	**3**	**56,743**	**(4,239)**	**(17,597)**	**34,910**	**625**	**35,535**
Net loss	—	—	—	(3,345)	(3,345)	(58)	(3,403)
Other comprehensive income	—	—	656	—	656	—	656
Share based compensation	—	(2)	—	—	(2)	—	(2)
Balance as of March 31, 2024	**3**	**56,741**	**(3,583)**	**(20,942)**	**32,219**	**567**	**32,786**

	Equity share capital	Additional paid-in capital	Accumulated other comprehensive loss [1]	Accumulated Deficit	Total APGL shareholders' equity	Non-controlling interest	Total shareholders' equity
Balance as of March 31, 2024	**3**	**56,741**	**(3,583)**	**(20,942)**	**32,219**	**567**	**32,786**
Transfer to profit and loss (refer note 23)	—	—	—	—	—	(376)	(376)
Net (loss)/ gain	—	—	—	(3,131)	(3,131)	12	(3,119)
Other comprehensive income	—	—	1,522	—	1,522	—	1,522
Share based compensation	—	(17)	—	—	(17)	—	(17)
Balance as of March 31, 2025	**3**	**56,724**	**(2,061)**	**(24,073)**	**30,593**	**203**	**30,796**
Balance as of March 31, 2025 ((US$) (Note 2(d))	**0.0**	**663.4**	**(24.1)**	**(281,5)**	**357.8**	**2.4**	**360.2**

[1] Refer note 16 for components of accumulated other comprehensive loss.

See accompanying notes.

AZURE POWER GLOBAL LIMITED
Consolidated Statements of Cash Flows
(INR and US$ amounts in millions)

	Year ended March 31,		
	2024 INR	**2025 INR**	**2025 US$** (Note 2d)
Cash flows from operating activities			
Net loss	(3,403)	(3,119)	(36.4)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Deferred income tax	(834)	(1,104)	(12.9)
Depreciation and amortization	4,621	4,576	53.5
Impairment loss	622	327	3.8
Amortization of derivative instruments	1,971	1,116	13.1
Loss on disposal of property, plant and equipment	185	647	7.6
Derecognition of non-controlling interest	-	(376)	(4.4)
Reversal of share based compensation	(2)	(17)	(0.2)
Amortization of debt financing costs	457	665	7.8
Employee benefit	36	26	0.3
Accretion of asset retirement obligations	95	104	1.2
Interest income from investments	(11)	(27)	(0.3)
Non-cash rent expense	179	140	1.6
Allowance for doubtful accounts/ credit losses, (net)	173	215	2.5
Loan prepayment charges	-	105	1.2
(Gain)/ loss on foreign currency exchange, net	(35)	8	0.1
Change in operating lease right-of-use assets	(426)	(352)	(4.1)
Change in operating lease liabilities	395	361	4.2
Changes in operating assets and liabilities			
Accounts receivable, net	1,116	(91)	(1.1)
Prepaid expenses and other current assets	(59)	21	0.2
Inventory	-	5	0.1
Other assets	(310)	139	1.6
Accounts payable	264	(305)	(3.6)
Interest payable	(33)	(723)	(8.5)
Deferred revenue	(165)	(326)	(3.7)
Other liabilities [1]	(1,492)	5,192	60.7
Net cash provided by operating activities (A)	**3,344**	**7,207**	**84.3**
Cash flows from investing activities			
Purchase of property plant and equipment	(394)	(455)	(5.3)
Purchase of software	(11)	(7)	(0.1)
Disposal of investment	7	-	-
Proceeds from disposal of subsidiaries	-	317	3.7
Net cash used in investing activities (B)	**(398)**	**(145)**	**(1.7)**
Cash flows from financing activities			
Proceeds from term and other debt	4,670	30,074	351.7
Repayment of Green bonds	(6,998)	(29,353)	(343.3)
Repayment of term and other debt	(5,298)	(5,687)	(66.5)
Loan prepayment charges	-	(105)	(1.2)
Net cash used in financing activities (C)	**(7,626)**	**(5,071)**	**(59.3)**

Effect of exchange rate changes on cash and cash equivalents, and restricted cash	6	11	0.1
Net (decrease)/ increase in cash and cash equivalents, and restricted cash (A+B+C) (refer note 2 (f))	(4,680)	1,991	23.3
Cash and cash equivalents and restricted cash at the beginning of the year	20,967	15,944	186.5
Cash and cash equivalents and restricted cash, held for sale	(349)	-	-
Cash and cash equivalents and restricted cash at the end of the year	**15,944**	**17,946**	**209.9**
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	9,191	9,348	109.3
Cash paid during the year for income taxes	1,188	1,295	15.1

(1) Includes INR 1,538 million paid towards hedging costs for Solar Green Bonds for the year ended March 31, 2024 and INR 2,834 million (US$ 33.1 million) towards receipt (net) on account of hedge settlement for Solar Green Bonds for the year ended March 31, 2025.

Notes to consolidated financial statements

1. Organization

Azure Power Global Limited ("**APGL**" or "**Azure**" or "**Company**") was organized under the laws of Mauritius on January 30, 2015. APGL's subsidiaries are organized under the laws of India (except for one U.S. subsidiary and two subsidiaries in Mauritius) and are engaged in the development, construction, ownership, operation, maintenance and management of renewable energy assets based on long-term contracts (Power Purchase Agreements or "PPA") with Indian Government energy distribution companies as well as other Indian non-governmental energy distribution companies and Indian commercial customers. APGL and its subsidiaries are hereinafter referred to as the "**Group**".

APGL's shares were delisted from NYSE on November 13, 2023 and APGL's shares ceased to be registered with the SEC pursuant to Section 12(b) of the Exchange Act on January 29, 2024. Further, On April 1, 2024, our SEC reporting obligations under Section 15(d) of the Exchange Act were suspended, and APGL no longer has an obligation to file periodic reports (annual reports on Form 20-F and Form 6-K reports) with the SEC.

2. Summary of material accounting policies

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are presented in Indian rupees ("INR"), unless otherwise stated. The consolidated financial statements include the accounts of APGL and companies which are directly or indirectly controlled by APGL. All intercompany accounts and transactions have been eliminated upon consolidation. Certain balances relating to prior years have been reclassified, wherever required, to conform to the current year presentation.

All share and per share amounts presented in the consolidated financial statements have been adjusted to reflect the 16-for-1 stock split of the Company's equity shares that was effective on October 06, 2016.

(b) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs, expenses and comprehensive loss/ gain that are reported and disclosed in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events, historical experience, actions the Group may undertake in the future and on various other assumptions that are believed to be prudent and reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to impairment of and useful lives of property, plant and equipment, determination of asset retirement obligations, valuation of derivative instruments, hedge accounting, lease liabilities, right to use asset, allowances for doubtful accounts, credit rating, valuation of share-based compensation, income taxes, energy kilowatts expected to be generated over the useful life of the solar power plant, estimated transaction price, including variable consideration, of the Group's revenue contracts, impairment of other assets, impairment of net assets classified as held for sale and other contingencies and commitments. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates, and such differences may be material to the consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of APGL, its subsidiaries, and variable interest entities ("VIE"), where the Group has determined it is the primary beneficiary and are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Group uses the equity method to account for its investments in entities where it exercises significant influence over operating and financial policies but does not retain control under either the voting interest model (generally 20% to 50%

ownership interest) or the variable interest model. The Group has eliminated all intercompany accounts and transactions.

(c) Foreign currency translation and transactions

The functional currency of APGL is the United States Dollar (“US$”) and reporting currency is Indian rupees (“INR”). The Company’s subsidiaries with operations in India use INR as the functional currency and the subsidiaries in the United States and Mauritius use US$ as the functional currency. The financial statements of APGL and its subsidiaries, other than subsidiaries with a functional currency of INR, 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 loss as a component of shareholders’ equity.

Transactions in currencies other than the functional currency of the respective subsidiary are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate at the balance sheet date. All gains and losses arising from foreign currency transactions are recorded in the determination of net income or loss/ (gain) during the year in which they occur.

Revenue, expense and cash flow items are translated using the average exchange rates for the respective period. The resulting gains and losses from such translations are excluded from the determination of earnings and are recognized instead in accumulated other comprehensive loss, which is a separate component of shareholders’ equity.

Realized and unrealized foreign currency transaction gains and losses, other than those hedged by the Group, arising from exchange rate fluctuations on balances denominated in currencies other than the functional currency of an entity, such as those resulting from the Group’s borrowings in other than functional currency is included in loss/(gain) on foreign currency exchange, net in the consolidated statements of operations.

(d) Convenience translation

Translation of balances in the consolidated balance sheet and the consolidated statement of operations, comprehensive loss, shareholders’ equity and cash flows from INR into US$, as of and for the year ended March 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00 = INR 85.51, the noon buying rate in New York City for cable transfers in non U.S. currencies, as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2025 . No representation is made that the INR amounts could have been, or could be, converted, realized or settled into US$ at that rate on March 31, 2025, or at any other rate.

(e) Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, term deposits and all other highly liquid investments purchased with an original maturity of three months or less at the date of acquisition and that are readily convertible to cash. The Group has classified term deposits totaling INR 5,849 million and INR 7,339 million (US$ 85.8 million) as of March 31, 2024 and 2025, respectively, as cash and cash equivalents, because the Group has the ability to redeem these deposits at any time subject to an immaterial interest rate forfeiture. All term deposits are readily convertible into known amount of cash with no more than one day notice.

(f) Restricted cash

Restricted cash consists of cash balances restricted as to withdrawal or usage and relates to cash used to collateralize bank letters of credit supporting the purchase of equipment for solar power plants, bank guarantees issued in relation to the construction of the solar power plants within the timelines stipulated in PPAs and for certain debt service reserves required under the Group 's loan agreements. Restricted cash is classified into current and non-current portions based on the term of the deposit and the expiration date of the underlying restriction.

The following table presents the components of cash and cash equivalents and restricted cash included in the consolidated balance sheet that sums to the total of such amounts in the Consolidated Statements of Cash Flows:

	March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Current Assets			
Cash and cash equivalents	7,469	8,670	101.4
Restricted cash	8,271	9,192	107.5
Non-Current Assets			
Restricted cash	204	84	1.0
Cash and cash equivalents and restricted cash	**15,944**	**17,946**	**209.9**

(g) Investments

The Group determines the appropriate classification of investment securities at the time of purchase and re-evaluates such designation at each balance sheet date. The investment securities held by the Group during the periods presented in the accompanying consolidated financial statements are classified as available-for-sale (short-term investments).

The Group accounts for its investments in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 320, *Accounting for Certain Investments in Debt and Equity Securities*. These investments are considered as available-for-sale and held-to-maturity. Investments classified as available for sale are recorded at fair value, with the unrealized gains or losses, net of tax, reported as a component of accumulated other comprehensive loss in the consolidated statement of shareholders' equity.

Securities that the Group has positive intent and ability to hold until maturity are classified as held-to-maturity securities and stated at amortized cost. As of March 31, 2024, and March 31, 2025, the Group does not have any such investment.

Realized gains and losses and a decline in value judged to be other than temporary on these investments are included in the consolidated statements of operations. The cost of securities sold or disposed is determined on the First in First Out ("FIFO") method.

(h) Accounts receivable, net

The Group adopted “ASC Topic 326” Financial Instruments — Credit Losses, effective April 1, 2020, using the modified retrospective transition approach. The new guidance requires the measurement and recognition of expected credit losses (ECL) for financial assets held at amortized cost and replaces the existing incurred loss impairment model with an expected loss model using the forward-looking information to calculate credit loss estimates. The new model requires consideration of a broader range of relevant information, such as off take ratings historical loss experience, current economic conditions, and reasonable and supportable forecasts.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which consists principally of accounts receivables, cash and cash equivalents and restricted cash, leading to a financial loss. Customer credit risk is managed using the Group’s established policy, procedures and control relating to customer credit risk management. Outstanding accounts receivables are regularly monitored.

The Group’s accounts receivables are generated by selling energy to customers and are reported net of any allowance for uncollectible accounts. The allowance for credit losses is based on various factors, including the length of time receivables are past due, significant one-time events, the financial health of customers and historical experience. The allowance for credit losses at March 31, 2024 and March 31, 2025 was INR 900 million and INR 1,115 million (US$ 13.0 million), respectively.

(i) Property, plant and equipment

Property, plant and equipment represents the costs of completed and operational solar power plants, as well as the cost of furniture and fixtures, vehicles, office and computer equipment, leasehold improvements, freehold land and construction in progress. Construction in progress represents the accumulated cost of solar power plants that have not been placed into service at the date of the balance sheet. Construction in progress includes the cost of solar modules for which the Group has taken legal title, civil engineering, electrical and other related costs incurred during the construction of a solar power plant. Construction in progress is reclassified to property, plant and equipment when the project begins its commercial operations.

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the assets’ estimated useful lives as follows:

Plant and machinery (solar power plants)	25-35 years
Building	25-35 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	1-5 years
Computers	3 years

Leasehold improvements related to office facilities are depreciated over the shorter of the lease period or the estimated useful life of the improvement. Lease hold improvements on the solar power plant sites are depreciated over the shorter of the lease term or the remaining period of the PPAs undertaken with the respective customer. Freehold land is not depreciated. Construction in progress is not depreciated until it is ready to be used.

Improvements to property, plant and equipment deemed to extend the useful economic life of an asset are capitalized. Maintenance and repairs that do not improve efficiency or extend the estimated economic life of an asset are expensed as incurred. Additional capacity, if any, added to property plant and equipment is depreciated over the remaining estimated useful life.

Capital spares relate to items that can be used in connection with specific items of property, plant and equipment and are expected to be used for more than one year. The cost of capital spares comprises of all costs of purchase, costs of conversion and other costs incurred in bringing to their present location and condition. Depreciation of capital spares commences when the asset is capable of being used. The depreciation charge is based on their expected useful life, which may be shorter than the useful life of the asset to which it relates. When such capital spare is replaced, the asset is derecognized.

Capitalized interest

Interest incurred on funds borrowed to finance construction of solar power plants is capitalized until the plant is ready for its intended use. The amount of interest capitalized during the years ended March 31, 2024 and 2025 were INR 51 million and INR 29 million (US$ 0.3 million), respectively.

(j) Accounting for impairment of long-lived assets

The Group periodically evaluates whether events have occurred that would require revision of the remaining useful life of property, plant and equipment and improvements, or render their carrying value not recoverable. If such circumstances arise, the Group uses an estimate of the undiscounted value of expected future operating cash flows to determine whether the long-lived assets are impaired. If the aggregate undiscounted cash flows are less than the carrying amount of the assets, the resulting impairment charge to be recorded is calculated based on the excess of the carrying value of the assets over the fair value of such assets, with the fair value determined based on an estimate of discounted future cash flows, appraisals, or other valuation techniques. Other than the rooftop assets held by the Group, disposal of the Group's rooftop business, impairment of assets related to impairment of Delhi 2 MW project and impairment of wind projects at Naregal site, there were no impairment charges related to remaining long-lived assets during the years ended March 31, 2025 and March 31, 2024. See Note 23 to the consolidated financial statements.

(k) Leases and land use rights

The majority of the Group's leases relate to leasehold land on which the solar power plants are constructed on and leases related to office facilities. The leasehold land related to solar power plants has a lease term ranging between 25 to 35 year which is further extendable on mutual agreement by both lessor and lessee. Where applicable, the Group has the consent from the lessors to extend the leases up to 35 years. These leases have rent escalation ranging majorly between 5% to 15% p.a., over the tenure of the lease. As the implicit rate in the lease contract is not readily determinable, the Group has used its average incremental rate of borrowing of 10% p.a. for the purposes of the determination of discount rate. The weighted average remaining lease term for operating leases is 27 years.

The Group has made an assessment for all the lease arrangements and classified them as operating leases. The Group did not have any finance lease during any of the periods presented in the accompanying consolidated financial statements.

The Group is a lessee in several non-cancellable operating leases, primarily for construction of solar power plants and for office facilities.

The Group determines if an arrangement is or contains a lease at contract inception. The Group recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date.

Key estimates and judgments include how the Group determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments.

ASC Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Group cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Group generally uses its incremental borrowing rate as the discount rate for the lease. The Group's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms.

The lease term for all of the Group's leases includes the non-cancellable period of the lease plus any additional periods covered by either a Group option to extend (or not to terminate) the lease that the Group is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties the Group would owe if the lease term assumes Group exercise of a termination option);
- Variable lease payments, if any, that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
- Amounts expected to be payable under a Group-provided residual value guarantee; and
- The exercise price of Group's option to purchase the underlying asset if the Group is reasonably certain to exercise the option.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Group has recognized and reported the ROU asset, on consolidated balance sheet of INR 4,082 million (US$ 47.7 million) as well as lease liabilities of INR 3,806 million (US$ 44.5 million) as at March 31, 2025 and INR 4,210 million in ROU asset as well as lease liabilities of INR 3,785 million as at March 31, 2024 respectively. During the year ended March 31, 2024 and 2025, the Group recorded lease cost of INR 489 million and INR 485 million (US$ 5.7 million) respectively. See Note 18 to the consolidated financial statements.

ROU assets for operating leases are periodically reduced by impairment losses. The Group uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to be recognized. See Note 2(j).

The Group monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in the consolidated statements of operations.

Operating lease ROU assets are presented as operating lease right -of -use assets on the consolidated balance sheet. The current portion of operating lease liabilities and the long-term portion is presented separately as operating lease liabilities on the consolidated balance sheet.

The Group has elected not to recognize ROU assets and lease liabilities for short-term leases of warehouses, office, machinery etc. that have a lease term of 12 months or less. The Group recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

The Group's corporate office leases generally also include non-lease maintenance services (i.e., common area maintenance). The Group allocates the consideration in the contract to the lease and non-lease maintenance component based on each component's relative standalone price. The Group determines stand-alone prices for the lease components based on the prices for which other lessors lease similar assets on a stand-alone basis. The Group determines stand-alone prices for the non-lease components (i.e., maintenance services) based on the prices that several suppliers charge for maintenance services for similar assets on a stand-alone basis.

(l) Asset retirement obligations (ARO)

Upon the expiration of the land lease arrangement for solar power plants located on leasehold land, the Group is required to remove the solar power plant and restore the land. The Group records the fair value of the liability for the legal obligation to retire the asset in the period in which the obligation is incurred, which is generally when the asset is constructed. When a new liability is recognized, the Group capitalizes it by increasing the carrying amount of the related long-lived asset, which results in an ARO asset being depreciated over the remaining useful life of the solar power plant. The liability is accreted and expensed to its present expected future value each period based on a credit adjusted risk free interest rate. Upon settlement of the obligation, the Group will eliminate the liability and based on the actual cost to retire, may incur a gain or loss.

The Group's asset retirement obligations were INR 1,221 million and INR 1,319 million (US$ 15.4 million) as of March 31, 2024 and 2025, respectively. The accretion expense incurred during the years ended March 31, 2024 and 2025 was INR 95 million and INR 104 million (US$ 1.2 million), respectively. The depreciation expense incurred during the years ended March 31, 2024 and 2025 was INR 22 million and INR 23 million (US$ 0.3 million), respectively.

During the current year, the carrying amount of the ARO liability is increased by INR 98 million primarily due to change in estimates and accretion expense during the year.

The movement in liability during the current year as of March 31, 2025 and comparative year is as below:

	As of March 31		
	2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Beginning balance	**1,112**	**1,221**	**14.3**
Addition during the year	4	9	0.1
Impact of change in estimate	12	(15)	(0.2)
Liabilities settled/adjusted during the year	(2)	-	-
Accretion expense during the year	95	104	1.2
Ending balance	**1,221**	**1,319**	**15.4**

(m) Software

The amount capitalized as software includes the cost of software licenses, as well as related implementation costs, which primarily relate to third party consulting fees. Such license and implementation costs are capitalized and amortized over their estimated useful lives of three years using the straight-line method. On an ongoing basis, the Group assesses the recoverability of its capitalized software intangible assets. Capitalized software costs determined to be unrecoverable are expensed in the period in which the determination is made. As of March 31, 2025, all capitalized software is considered fully recoverable.

(n) Debt financing costs

Financing costs incurred in connection with obtaining construction and term financing loans are deferred and amortized over the term of the respective loan using the effective interest rate method. Amortization of debt financing costs is capitalized during construction and recorded as interest expense in the consolidated statements of operations, following commencement of commercial operations of the respective solar power plants.

Amortization of debt financing costs for the years ended March 31, 2024 and 2025 was INR 457 million and INR 665 million (US$ 7.8 million), including debt financing costs written off related to the debt refinancing amounting INR Nil million and INR 120 million (US$ 1.4 million) respectively. See Note 12 and 14.

The carrying value of debt financing costs as on March 31, 2024 and 2025 was INR 968 million and INR 866 million (US$ 10.1 million) respectively. See Note 12.

Further, the Group had debt financing costs of INR 83 million and INR 29 million (US$ 0.3 million) under other current assets, as on March 31, 2024 and 2025, respectively for facilities not yet drawn. See Note 6.

(o) Income taxes

Income taxes are recorded under the asset and liability method, as prescribed under ASC Topic 740 Income Taxes, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Group establishes valuation allowances against its deferred tax assets when it is more likely than not that all or a portion of a deferred tax asset will not be realized.

The computation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Group applies a two-step approach to recognize and measure uncertainty in income taxes in accordance with ASC Topic 740. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement through March 31, 2025, the Group does not have any unrecognized tax benefits, nor has it recognized any interest or penalties.

During the year ended 2019-20, the Taxation Laws (Amendment) Act, 2019 brought key changes to corporate tax rates in the Income Tax Act, 1961, which reduced the tax rate for certain subsidiaries within the group to 25.17%. Azure Power India Private Limited, and some of its subsidiaries which are claiming tax benefits under section 80-IA of the Income Tax Act had decided not to opt for this lower tax benefit and have continued under the old regime for the fiscal year ended March 31, 2025, the statutory income tax rate as per the Income Tax Act, 1961 ranges between 25.17% to 34.94%, depending on the tax regime chosen by the particular subsidiary.

(p) Employee benefits

Defined contribution plan

Eligible employees of the Group in India receive benefits from the Provident Fund, administered by the Government of India, which is a defined contribution plan. Both the employees and the Group make monthly contributions to the Provident Fund equal to a specified percentage of the eligible employees' salary.

The Group has no further funding obligation under the Provident Fund, beyond the contributions elected or required to be made thereunder. Contributions to the Provident Fund by the Group are charged to expense in the period in which services are rendered by the covered employees and amounted to INR 38 million and INR 38 million (US$ 0.4 million) for the years ended March 31, 2024 and 2025, respectively.

Defined benefit plan

Employees in India are entitled to benefits under the Gratuity Act, a defined benefit post-employment plan covering eligible employees of the Group. This plan provides for a lump-sum payment to eligible employees at retirement, death, and incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. As of March 31, 2025, this plan is unfunded.

Current service costs for defined benefit plans are accrued in the period to which they relate. In accordance with ASC Topic 715, *Compensation Retirement Benefit-* the liability in respect of defined benefit plans is calculated annually by the Group using the projected unit credit method and amounted to INR 58 million and INR 58 million (US$ 0.7 million) as of March 31, 2024 and 2025, respectively. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees. Interest costs for the period ended March 31, 2024 and 2025 were not significant. See also, Note 22.

Compensated absences

The Group recognizes its liabilities for compensated absences in accordance with ASC Topic 710, *Compensation-General*. The Group accrues the liability for its employee rights to compensated absence in the year in which it is earned.

(q) Revenue recognition

Revenue from customers consists of solar energy sold to customers under long term Power Purchase Agreements (PPAs), which generally have a term of 25 years. The Group's customers are generally the Government of India, power distribution companies and, to a lesser extent, commercial and industrial enterprises. Revenue from customers include income from sale of carbon credit emissions.

The Group recognizes revenue on PPAs when the solar power plant generates power and is supplied to the customer in accordance with the respective PPA. The Group recognizes revenue for each period based on the volume of solar energy supplied to the customer at the price stated in the PPA once the solar energy kilowatts are supplied and collectability is reasonably assured. The solar energy kilowatts supplied by the Group are validated by the customer prior to billing and recognition of revenue. Revenues from the recovery of safe-guard duties and goods and service tax under the change in law provision are recognized over the PPA period in the proportion of the actual sale of solar energy in kilowatts as per the terms agreed with customers or unless contractually agreed otherwise, once collectability is reasonably assured. Revenue from the sale of carbon credit emissions is recognized at the point in time when control of the carbon emission reduction units is transferred. These are initially recognized at cost.

The Group applies "ASC Topic 606" Revenue from Contracts with Customers, to recognize revenue from sale of power to its customers. Further, under Topic 606, total consideration for PPAs with scheduled price changes (price escalation is applicable in a solar power plant with 50 MW of operating capacity and price decrease in a solar power plant with 10 MW of operating capacity over the term of PPA) and for significant financing components, is estimated and recognized over the term of the agreement. Price escalations create an unbilled receivable, and the price decreases create deferred revenue. The time value of the significant financing component is recorded as interest expense/income. The Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception and recognizes the revenue amount on a straight-line basis over the term of the PPAs, and interest expense/income using the effective interest rate method. The Group also recognizes incremental costs incurred to obtain a contract in Other Assets in the consolidated balance sheet. These amounts are amortized on a straight-line basis over the term of the PPAs and are included as a reduction to revenue in the consolidated statements of operations.

The Group also 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 during the period to the total estimated sale of solar energy during the tenure of the applicable power purchase agreement or balance tenure of power purchase agreement, as applicable pursuant to the revenue recognition policy.

The Group also recognizes interest on late payment for power supply on reasonable certainty to expect ultimate collection or otherwise based on actual collection, whichever is earlier.

Revenue from customers

Revenue from customers, net consists of the following:

	Year ended March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Revenue from Customers:			
Sale of Power [1]	21,264	20,499	239.7
Sale of carbon credits emissions	43	24	0.3
Total	**21,307**	**20,523**	**240.0**

(1) Sale of power includes revenue for the recovery of Safe-Guard Duties and Goods and Service Tax, which is linked to generation of Solar units, resulting from the change in law provision of our PPAs, during the year ended March 31, 2024 and 2025 amounting to INR 330 million and INR 292 million (US$ 3.4 million) respectively.

Contract balances

The following table provides information about receivables, unbilled receivables, contract acquisition cost and deferred revenue from customers as at March 31, 2024 and 2025, respectively.

	As at March 31,		
	2024	2025	2025
	INR	INR	US$
		(In million)	
Current assets			
Accounts receivable, net	4,623	4,636	54.2
Contract acquisition cost	16	16	0.2
Non-current assets			
Unbilled receivable	360	110	1.3
Accounts receivable (net)	3,582	3,445	40.3
Contract acquisition cost	289	273	3.2
Current liabilities			
Deferred revenue	313	308	3.6
Non-current liabilities			
Deferred revenue	6,518	6,197	72.4

Movement in deferred revenue:

	As at March 31,		
	2024	2025	2025
	INR	INR	US$
		(In million)	
Beginning balance	**6,996**	**6,831**	**79.8**
Increased as a result of additional cash received against VGF	84	-	-
Deferred revenue recognized	131	99	1.1
Reversal of Deferred revenue	(66)	(79)	(0.9)
Amount recognized into revenue	(314)	(346)	(4.0)
Ending balance	**6,831**	**6,505**	**76.0**

Accounts receivable – from sale of power includes accrued revenues due under the PPA, based on the sale of power transferred to the customer, generally requiring payment within 30 to 60 days of sale. As per terms of PPA, payment is unconditional once performance obligations have been satisfied and does not contain any future, unsatisfied performance obligation to be included in this disclosure.

(r) Cost of operations (exclusive of depreciation and amortization)

The Group's cost of operations consists of expenses pertaining to operations and maintenance of its solar power plants. These expenses include payroll and related costs for maintenance staff, plant maintenance, insurance, and if applicable, lease costs etc. Depreciation expense is not included in cost of operations but is included within "Depreciation and amortization" expense, shown separately in the consolidated statements of operations.

Cost of operations for the current year, includes INR 107 million (US$ 1.3 million) for the recovery of claims towards loss of Business interruption losses resulting from a fault in the power transformer at one of the projects.

(s) General and administrative expenses

General and administrative expenses include payroll and related costs for corporate, finance and other support staff, including bonus and share based compensation expense, professional fees and other corporate expenses.

(t) Share based compensation

The Group follows guidance under ASC Topic 718, *Compensation — Stock Compensation*, which requires compensation costs related to share-based transactions, including employee share options, to be recognized in the financial statements based on their fair value. The Group recognizes compensation expense for equity share options including Restricted stocks (RSs) net of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share-based compensation is included in general and administrative expenses and recognized in the consolidated statements of operations based on awards ultimately expected to vest, except the cost of services which is initially capitalized by the Group as part of the cost of property, plant and equipment.

The Group recognizes compensation expense for SARs based on the fair value of the amount payable to employees in respect of SARs, which are settled in cash, with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs or amounts as per best estimated. Any changes in the fair value of the liability are recognized in consolidated statement of operations.

The Group has elected to use the Black-Scholes-Merton valuation model to determine the fair value of share-based awards on the date of grant for employee share options with a fixed exercise price and fixed service-based vesting.

The Group has elected to use the Black-Scholes-Merton valuation model to determine the fair value of SARs at each reporting date.

Employee Stock Option and Restricted Stocks

The share-based compensation expense related to share-based compensation is recorded as a component of general and administrative expenses in the Company's consolidated statement of operations and totaled reversal of expense INR 2 million and reversal of expense of INR 17 million (US$ 0.2 million) for the years ended March 31, 2024, and 2025, respectively.

Stock Appreciation Rights

The share-based compensation expense related to SARs is recorded as a component of general and administrative expenses in the Company's consolidated statements of operations and amounts to INR Nil million for the years ended March 31, 2024 and 2025. Refer note 21

(u) Assets held-for-sale

Assets and asset disposal group are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when management commits to a plan to sell the asset; the asset is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan have been initiated; the sale of the asset is probable within one year or within extended period on account of conditions beyond the control of the Group; the asset is being actively marketed for sale at a reasonable price in relation to its current fair value; and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets and liabilities classified as held-for-sale are measured at lower of their carrying amount and fair value less costs to sell and depreciation (amortization) ceases once the asset is classified as held for sale. See also, Note 23.

(v) Contingencies

Liabilities for loss contingencies arising from claims, tax assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred with respect to these items are expensed as incurred.

(w) Fair value of financial instruments

ASC Topic 820, *Fair Value Measurements and Disclosures* -, defines fair value as the price at which an asset could be exchanged or a liability transferred in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or derived from such prices. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels

- *Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.*

- *Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.*

- *Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.*

(x) Derivatives and Hedging

In the normal course of business, the 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 Group's policy and are with counterparties that are highly rated financial institutions.

Contracts designated as Cash Flow Hedge

Cash flow hedge accounting is followed for derivative instruments to mitigate the exchange rate risk on foreign currency denominated debt instruments. Changes in fair value of derivative contracts designated as cash flow hedges are recorded in other comprehensive income/(loss), net of tax, until the hedge transaction occurs. The Group evaluates hedge effectiveness of cash flow hedges at the time a contract is entered into as well as on an ongoing basis or as required. 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 Group 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 cost of the hedge is recorded as an expense over the period of the contract on a straight-line basis.

Fair value hedges: hedging of foreign exchange exposure

Fair value hedge accounting is followed for foreign exchange risk with the objective to reduce the exposure to fluctuations in the fair value of firm commitments due to changes in foreign exchange rates.

Fair value adjustments related to non-financial instruments will be recognized in the hedged item upon recognition and will eventually affect earnings as and when the hedged item is derecognized. Changes in the fair value of derivatives designated and qualifying as fair value hedges, together with any changes in the fair value of the hedged firm commitments attributable to the hedged risk, will be recorded in the consolidated balance sheet. The gain or loss on the hedging derivative in a hedge of a foreign-currency-denominated firm commitment and the offsetting loss or gain on the hedged firm commitment is recognized in earnings in the accounting period, post the recognition of the hedged item in the balance sheet.

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 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 Group's U.S. dollar denominated borrowings. The 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 loss/(gain) on foreign currency exchange, net in the consolidated statements of operations. These derivatives are not held for speculative or trading purposes.

(y) Segment information

Operating segments are defined as components of a Group about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Group's Chief Executive Officer is the chief operating decision maker. Based on the financial information presented to and reviewed by the chief operating decision maker in deciding how to allocate the resources and in assessing the performance of the Group, the Group has determined that it has a single operating and reporting segment: Sale of power. The Group's principal operations, revenue and decision-making functions are located in India.

(z) Non-controlling interest

The non-controlling interest recorded in the consolidated financial statements relates to following ownership interest not held by the Group:

(i) 0.83% ownership interest in a subsidiary, a 10MW Gujarat power plant;
(ii) 48.99% ownership interest in a subsidiary, a 50MW Uttar Pradesh power plant;
(iii) 0.16% ownership interest in a subsidiary, a 100 MW Telangana power plant;
(iv) 0.01% ownership interest in Azure Power India Private Limited*.

As of March 31, 2025, the Group recorded a non-controlling interest amounting to INR 203 million (US$ 2.4 million) including INR 12 million (US$ 0.1 million) of net gain for the year ended March 31, 2025. As of March 31, 2024, the Group recorded a non-controlling interest amounting to INR 567 million including INR 58 million of net loss for the year ended March 31, 2024. See also Note 23.

* This remaining ownership by the founders was under arbitration and same has been decided in the favor of the Group. We have filed a petition before the High Court of Delhi seeking enforcement of the Award. Refer to note 20.

(*aa*) Inventories

Carbon emission rights (CERs) received on registered projects are recorded as inventories. Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group derecognises the CERs when the certificate is sold, which occurs when units are transferred to the customer.

(*ab*) Recent accounting pronouncements

Management does not believe that any recent accounting pronouncements issued by the FASB (including by its Emerging Issues Task Force) have a material impact on our present or future financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Balances with current accounts	1,620	1,331	15.6
Bank demand deposits*	5,849	7,339	85.8
Total	**7,469**	**8,670**	**101.4**

*Includes unrestricted term deposit having remaining maturity of more than one year.

4. Restricted cash

Restricted cash consists of the following:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Bank demand deposits	8,271	9,192	107.5
Term deposits	204	84	1.0
	8,475	**9,276**	**108.5**
Restricted cash — current	8,271	9,192	107.5
Restricted cash — non-current	**204**	**84**	**1.0**

5. Accounts receivable, net

The Group's accounts receivables are generated by selling energy to customers and are reported net of any allowance for uncollectible accounts. The Group uses ageing analysis, probability of default methods, past facts, significant one-time events, guidelines issued by government authorities, current economic conditions and reasonable forecasts that are most relevant in evaluating and estimating the expected credit losses.

The Group writes-off an account receivable in the period that it is deemed uncollectible and records a reduction in the ECL and the balance of the account receivables in the balance sheet.

The Group evaluates the concentration of risk with respect to its accounts receivables as high, due to the limited number of counterparts for its services, being mainly state utilities and government entities. However, the Group does not foresee any significant credit risk attached to receivables from such state utilities/government entities. Refer note 26.

The Group analyzed its historical loss information for its accounts receivables and adjusted for forward looking information and determined the following credit loss percentages:

	March 31, 2024	March 31, 2025
Ageing of accounts receivables*	**Expected Credit Losses %**	**Expected Credit Losses %**
Not Due (including unbilled receivables)	1.67%	2.60%
0-90 days	5.99%	10.63%
90-180 days	29.97%	29.17%
180-365 days	26.55%	44.14%
Above 365 days	100%	100%

*Doesn't include specific provision made for cases under litigation with the customers.

Ageing of accounts receivables [1]	As of March 31 2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Not Due (including unbilled receivables) [2]	7,087	6,889	80.6
0-90 days	264	241	2.8
90-180 days	69	85	1.0
180-365 days	307	137	1.6
Above 365 days	1,602	1,844	21.5
Total accounts receivables	**9,329**	**9,196**	**107.5**

(1) Includes INR 224 million and INR Nil relating to receivables of the Group's rooftop business being classified as Assets held for sale for the year ended March 31, 2024 and 2025 respectively. Total accounts receivable includes non-current portion.

(2) Includes receivables of INR 3,690 million and INR 3,617 million (US$ 42.3 million) in relation to claims of Safeguard duties under change in Law provisions of Power purchase agreement for the year ended March 31, 2024 and 2025 respectively.

Accounts receivable, net consists of the following:

	As of March 31, 2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Accounts receivable [1]	9,105	9,196	107.5
Less: Allowance for doubtful accounts/ credit losses	(900)	(1,115)	(13.0)
Total	**8,205**	**8,081**	**94.5**
Non-current	3,582	3,445	40.3
Current	4,623	4,636	54.2

(1) Includes INR 5,809 million and INR 5,854 million (US$ 68.5 million) of unbilled receivables for the year ended March 31, 2024 and 2025, respectively.

Movement for the allowance for doubtful accounts/ credit losses is as follows:

	As of March 31, 2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Balance at the beginning of the year	836	900	10.5
Provision for doubtful debts/ expected credit losses (net)	179	224	2.6
Write offs charged against the allowance	(6)	(9)	(0.1)
Reclassified to held for sale	(109)	-	-
Balance at the end of the year	**900**	**1,115**	**13.0**

6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31,		
	2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Derivative asset - current (Note 25)	3,606	4,259	49.8
Interest receivable on term deposits	309	352	4.1
Prepaid debt financing costs	83	29	0.3
Balance with statutory authorities	389	501	5.9
Prepaid bank guarantee charges	22	9	0.1
Prepaid insurance and other expenses	147	102	1.2
Advance to suppliers	380	1,198	14.0
Other	191	295	3.4
Total	**5,127**	**6,745**	**78.8**

7. Property, plant and equipment, net

Property, plant and equipment, net consists of the following:

	Estimated Useful Life (in years)	As of March 31,		
		2024 (INR)	2025 (INR)	2025 (US$)
			(In million)	
Plant and machinery (solar power plants)*	25-35	149,311	150,164	1756.1
Leasehold improvements — solar power plant	25-35	6,112	6,176	72.2
Furniture and fixtures	5	9	13	0.2
Vehicles	5	90	77	0.9
Office equipment	1-5	136	136	1.6
Computers	3	143	144	1.7
Leasehold improvements — office	1-3	106	106	1.2
		155,907	**156,816**	**1833.9**
Less: Accumulated depreciation		23,610	27,920	326.5
Less: Accumulated impairment		2,842	3,171	37.1
		129,455	**125,725**	**1470.3**
Freehold land		4,262	4,240	49.6
Construction in progress		3,146	723	8.5
Total		**136,863**	**130,688**	**1,528.4**

Depreciation expense on property, plant and equipment was INR 4,618 million and INR 4,570 million (US$ 53.4 million) for the years ended 2024 and 2025, respectively. Refer note 23 for impairment recognized and classification of assets held for sale.

*The Group conducts periodic physical verifications of its property, plant and equipment through a structured program involving both internal teams and independent third-party. During the current year ended March 31, 2025 site verifications were carried out across our solar projects. Based on the outcome of the physical verification, certain discrepancies were identified which were reviewed and appropriately adjusted in the books of accounts. Accordingly, the Group had written down plant and machinery (net) amounting to INR 317 million (US$ 3.7 million) as a component of general and administrative expenses in the Company's consolidated statement of operations.

8. Software, net

Software, net consists of the following:

	Estimated Useful Life (in years)	As of March 31, 2024 (INR)	2025 (INR)	2025 (US$)
			(In million)	
Software licenses and related implementation costs	3 Years	177	184	2.2
Less: Accumulated amortization		168	174	2.0
Total		**9**	**10**	**0.2**

Aggregate amortization expense for software was INR 3 million and INR 6 million (US$ 0.1million) for the years ended 2024 and 2025, respectively.

Estimated amortization expense for the year ending March 31, 2026, is INR 5 million (US$ 0.1 million).

9. Other assets

Other assets consist of the following:

	As of March 31, 2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Prepaid income taxes	635	875	10.2
Derivative asset (Note 25)	3,547	1,610	18.8
Interest receivable on term deposits	25	21	0.2
Security deposits	392	334	3.9
Contract acquisition cost	289	273	3.2
Unbilled receivables	360	110	1.3
Other	47	23	0.3
Total	**5,295**	**3,246**	**37.9**

10. Investments

Non-current investments, consists of the following:

	As of March 31, 2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Investment	457	457	5.3
Total	**457**	**457**	**5.3**

During the year ended March 31, 2022, the Group entered in a non-binding obligation with M/s Premier Energies limited ("Premier/ Manufacturer"), a solar module manufacturing company, relating to execution of tender received from SECI. During Fiscal Year 2022, the Group invested INR 94 million in equity shares of Premier Energies International Private Limited ("PEIPL"). During the Fiscal Year 2023, the Group further invested INR 43 million in equity shares (without dividend rights) and INR 319 million in Compulsory Convertible Debentures of PEIPL and the Group also entered into related module supply agreements and share and debentures subscription agreements with Premier. The Group is entitled for coupon at 8.5% p.a. on investment made under the agreement towards Compulsory Convertible Debentures of PEIPL.

11. Other liabilities

Other current liabilities, consists of the following:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Derivative liability (See Note 25)	524	1,619	18.9
Provision for employee benefits	26	30	0.4
Payable to statutory authorities	153	93	1.1
Other payables	3,860	5,698	66.6
Total	**4,563**	**7,440**	**87.0**

Other non-current liabilities, consists of the following:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Provision for gratuity	44	42	0.5
Provision for compensated absences	29	25	0.3
Total	**73**	**67**	**0.8**

12. Long term debt

Long term debt, consists of the following:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Secured term loans:			
Foreign currency loans [1]	69,283	44,186	516.7
Indian rupee loans [2]	43,263	72,138	843.6
Unsecured term loans:			
Indian rupee loans [3]	-	3,480	40.7
Total debt	**112,546**	**119,804**	**1,401.0**
Less: Current portion	35,515	10,498	122.8
Long-term debt	**77,031**	**109,306**	**1,278.2**

(1) Interest rate ranging from 8.74% - 11.28% p.a., except for 3.575% Senior Notes.
(2) Interest rate ranging from 7.75% - 10.87% p.a.
(3) Interest rate at 9.66% - 9.82% p.a.

Foreign currency term loans

3.575% Senior Notes

During the year ended March 31, 2022, Azure Power Energy Limited (one of the subsidiaries of APGL) issued 3.575% US$ denominated Senior Notes ("3.575% Senior Notes" or "Green Bonds") and raised INR 30,285 million, net of issuance expense of INR 408 million. 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. In accordance with the terms of the issue, the proceeds were used for repayment of 5.5% Senior Notes. The Green Bonds are secured by a pledge of Azure Power Energy Limited's shares held by Azure Power Global Limited. The interest and principal on the 3.575% Senior Notes is payable on a semi-annual basis and the final maturity date is in August 2026.

During the year ended March 31, 2024, Azure Power Energy Limited completed a consent solicitation process in respect of Green Bonds and amended certain terms. The Group has paid consent fees of INR 176 million pursuant to the amendment.

Further, the Group had also paid INR 994 million as principal prepayment during the year ended March 31, 2024 and INR 640 million (US$ 7.5 million) has also been paid as principal prepayment during the year ended March 31, 2025. As of March 31, 2025, the outstanding balance under Green Bonds is INR 24,982 million (US$ 292.1 million).

5.65% Senior Notes

During the year ended March 31, 2020, Azure Power Solar Energy Private Limited (one of the subsidiaries of APGL) issued 5.65% US$ denominated Senior Notes ("5.65% Senior Notes" or "Green Bonds") and raised INR 24,400 million net of discount of INR 7 million at 0.03% and issuance expense of INR 397 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 was netted with the carrying value of the Green Bonds. The Green Bonds were listed on the Singapore Exchange Securities Trading Limited.

During the year ended March 31, 2025, 5.65% Senior Notes have been fully repaid by availing debt refinancing from REC limited as described below under "Project level secured term loans- Indian rupee loans".

Loan from Export Development Canada and Standard Chartered Bank (Singapore) Limited

During the year ended March 31, 2021, the Group borrowed INR 6,931 million from Export Development Canada and Standard Chartered Bank (Singapore) Limited as a Foreign Currency Loan. The funds were provided to project SPVs as shareholder loans or through other instruments for capital expenditure or for payment of capital expenditure in respect of various specified projects. The borrowing was collateralized by the shares of certain project SPVs, a hypothecation/charge over receivables of the Group. During the current year the facility has been fully repaid by availing debt refinancing from HSBC Bank.

During the current year ended March 31, 2025, the Group obtained term loan of INR 2,628 million from HSBC Bank. The facility is repayable in six semi-annually repayments, commencing from May 2025 and ending November 2027. The net carrying value of the loan as of March 31, 2025, is INR 2,637 million (US$ 30.8 million). The loan facility is secured through pari-passu charge over current assets and moveable fixed assets, excluding any assets charged to the project specific bridge loan lender or term loan lender or other such facilities, and cash margin charged to the working capital lenders.

During the current year ended March 31, 2025, the Group obtained term loan of INR 4,173 million from Investment Opportunities VI PTE. Limited. The facility is repayable in May 2027. The net carrying value of the loan as of March 31, 2025, is INR 4,120 million (US$ 48.2 million). The loan facility is secured by charge on all present and future accounts of the Company and non-disposable undertaking (NDU) on shares held by the Company in Azure Power India Private Limited. During the current year in June 2024, the proceeds from this facility has been utilized for repayment of short-term loan from HSBC Bank taken in the previous year.

Indian Rupee Non-Convertible Debentures

During the year ended March 31, 2019, the Group issued Non-Convertible Debentures in two of its subsidiaries and borrowed INR 548 million, net of issuance expense of INR 14 million. During the year ended March 31, 2020, the Group issued further Non-Convertible Debentures in four of its subsidiaries and borrowed INR 439 million, net of issuance expenses of INR 19 million under the same facility. The debentures are repayable from October 2024 to October 2025. The borrowing is collateralized by first ranking pari passu mortgage charge on all immovable and movable properties of related subsidiary within the group. As of March 31, 2025, the net carrying value of the Non-Convertible Debentures was INR 133 million (US$ 1.6 million). As of March 31, 2025, the Group was not in compliance with the financial covenants related to this borrowing and has classified the loan under current debt.

Project level secured term loans

Foreign currency loans

During the year ended March 31, 2019, the Group borrowed INR 552 million, as project level financing for some of its rooftop projects. During the year ended March 31, 2020, the Group further borrowed INR 135 million and INR 271 million under the same facility. The facility is repayable from October 2024 to October 2025. The borrowing is collateralized by first ranking pari passu mortgage charge on all immovable and movable properties of the borrower. The net carrying value of the loan as of March 31, 2025 is INR 133 million (US$ 1.6 million). As of March 31, 2025, the Group was not in compliance with the financial covenants related to this borrowing and has classified the loan under current debt.

The net carrying value of the loan as of March 31, 2025, is INR 12,314 million (US$ 144.0 million), borrowed for financing of its 300 MW solar project with Solar Energy Corporation of India from MUFG Bank, Société Générale, Hong Kong Mortgage corporation limited, Deutsche Bank and Bank of Philippines. The principal amount is repayable in 17 quarterly instalments, commencing from April 2022 and ending in June 2026. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge of 100% of equity shares of the SPV held by the Azure Power India Private Limited, including its nominee. The loan is also secured by support from the holding Company.

Indian rupee loans

The net carrying value of the loan as of March 31, 2025, is INR 254 million (US$ 3.0 million), borrowed from Kotak Infrastructure Debt Fund Limited for financing of a 5 MW solar power project with NTPC Vidyut Vyapar Nigam Limited. The loan is repayable in 42 quarterly instalments, commencing from September 2021 and ending in March 2031. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan as of March 31, 2025 is INR 1,179 million (US$ 13.8 million), borrowed from Indian Renewable Energy Development Agency Limited (IREDA) for financing of a 30 MW solar power project with Chhattisgarh State Power Distribution Company Limited. The loan is repayable in 168 monthly instalments, commencing from April, 2022 and ending in March 2036. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

The net carrying value of the loan as of March 31, 2025, is INR 1,787 million (US$ 20.9 million), borrowed from NIIF Infrastructure Finance Limited for financing of a 50 MW solar power project with NTPC Limited. The loan is repayable in 64 quarterly instalments, commencing from December 2021 and ending in September 2037. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing a 100 MW solar power project with NTPC Limited as of March 31, 2025 is INR 4,264 million (US$ 49.9 million). The loan is availed from NIIF Infrastructure Finance Limited and Aseem Infrastructure Finance Limited. These loans are repayable in 63 quarterly instalments, commencing from December 2021 and ending in June 2037. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

The net carrying value of the loan borrowed for financing of its 200 MW solar project with Solar Energy Corporation of India as of March 31, 2025 is INR 4,804 million (US$ 56.2 million). The loan is availed from Tata Cleantech Capital Limited and Axis Bank. These loans are repayable in 70 quarterly instalments, commencing from December 2021 and ending in March 2039. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

During the year ended March 31, 2019, the Group borrowed INR 124 million as an External Commercial Borrowings from International Finance Corporation (IFC) for some of its rooftop projects. These facilities carried an interest rate of 10.74% and interest payments were payable every three months commencing from April 2019. The loan was repayable on October 15, 2024. During the current year the facility has been repaid.

The net carrying value of the loan as on March 31, 2025 is INR 3,028 (US$ 35.4 million), borrowed from Indian Renewable Energy Development Agency Limited (IREDA) for financing of its 90 MW solar project with Assam Power Distribution Company Limited. The loan is repayable in 216 monthly instalments, commencing from October 2022 and ending in March 2042. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing of its 35 MW solar project with NTPC Vidyut Vyapar Nigam Limited as of March 31, 2025 is INR 1,706 million (US$ 20.0 million). The loan is availed from NIIF Infrastructure Finance Ltd and Kotak Infra Debt Fund Limited. These loans are repayable in 47 quarterly instalments, commencing from September 2021 and ending in March 2033. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited.

The net carrying value of the loan borrowed for financing of its 600 MW solar project with Solar Energy Corporation of India as of March 31, 2025 is INR 20,589 million (US$ 240.7 million). The loan is availed from Indian Renewable Energy Development Agency Limited (IREDA), India Infradebt Limited (IDF) and NIIF Infrastructure Finance Limited (NIIF). These loans are repayable in 243 monthly installments, commencing from July 2022 and ending in September 2042. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited.

The net carrying value of the loan as on March 31, 2025 is INR 377 million (US$ 4.4 million), borrowed from Kotak Infrastructure Debt Fund Limited for financing of a 10 MW solar power project with Bangalore Electricity Supply Company Limited. The loan is repayable in 49 quarterly instalments, commencing from March 2024 and ending in March 2036. The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project.

During the current year ended March 31, 2025, the Group borrowed INR 11,420 million from HSBC Bank and India Infradebt Limited, towards refinancing of its 300 MW solar project with Solar Energy Corporation of India. The principal amount is repayable in 20 quarterly instalments, commencing from September 2024 and ending in July

2029. The net carrying value of the loan as on March 31, 2025 is INR 11,189 million (US$ 130.8 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge of 100% of equity shares of the SPV held by the Azure Power India Private Limited, including its nominee. The loan is also partially secured by support from the holding Company. The project had earlier availed debt financing from State Bank of India, and that has been fully prepaid during the year.

During the current year ended March 31, 2025, the Gorup borrowed INR 3,570 million from REC Limited, towards refinancing of its 100 MW solar power project with Bangalore Electricity Supply company limited (BESCOM) and Hubli Electricity Supply Company Limited (HESCOM) of 50 MW each. The loan is repayable in 186 monthly instalments, commencing from September 2024 and ending in March 2040. The net carrying value of the loan as of March 31, 2025 is INR 3,451 million (US$ 40.3 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 1,480 million from REC Limited, towards refinancing of 28 MW solar power project with Punjab State Power Corporation Limited. The loan is repayable in 147 monthly instalments, commencing from September 2024 and ending in December 2036. The net carrying value of the loan as of March 31, 2025 is INR 1,407 million (16.4 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 270 million from REC Limited, towards refinancing of 7 MW solar power project with Ordnance Factory Bhandara and Ordnance Factory Ambajhari of 2 MW and 5 MW respectively. The loan is repayable in 162 monthly instalments, commencing from September 2024 and ending in March 2038. The net carrying value of the loan as of March 31, 2025 is INR 261 million (US$ 3.0 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 1,690 million from REC Limited, towards refinancing of 40 MW solar power project with Solar energy corporation of India limited. The loan is repayable in 174 monthly instalments, commencing from September 2024 and ending in March 2039. The net carrying value of the loan as of March 31, 2025 is INR 1,614 million (US$ 18.9 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 8,840 million from REC Limited, towards refinancing of 260 MW solar power project with Gujarat Urja Vikas Nigam Limited. The loan is repayable in 186 monthly instalments, commencing from September 2024 and ending in March 2040. The net carrying value of the loan as of March 31, 2025 is INR 8,548 million (US$ 100.0 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 5,680 million from REC Limited, towards refinancing of 130 MW solar power project with Maharashtra State electricity Distribution Company Limited. The loan is repayable in 193 monthly instalments, commencing from September 2024 and ending in

September 2040. The net carrying value of the loan as of March 31, 2025 is INR 5,479 million (US$ 64.1 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

During the current year ended March 31, 2025, the Group has borrowed INR 2,170 million from REC Limited, towards refinancing of 50 MW solar power project with Solar Energy Corporation of India Limited. The loan is repayable in 174 monthly instalments, commencing from September 2024 and ending in March 2039. The net carrying value of the loan as of March 31, 2025 is INR 2,068 million (US$ 24.2 million). The loan is secured by charge on immovable properties, charge on movable properties, assignment of project contracts and charge on other assets including but not limited to bank accounts and accounts receivables of the underlying solar power project. The loan also has pledge on 51% of equity shares of the SPV held by the Azure Power India Private Limited and is also guaranteed by Azure Power India Private Limited. The loan is cross collateralized with 6 other SPVs.

As of March 31, 2025, the Group has unused commitments for long-term financing arrangements amounting to INR 1,728 million (US$ 20.2 million) for solar power projects and corporate facility.

Trade credit

As of March 31, 2024, one project SPV had a buyer's credit facility amounting to INR 7,950 million for 300 MW solar power project with Solar Energy Corporation of India. During the current year ended March 31, 2025, the facility has been repaid.

Other Long term Loans

During the year ended March 31, 2022, the Group had taken loan of INR 2 million from HDFC Bank. The loan was repayable in 60 monthly instalments commencing from January 2022 and ending December 2026. The facility has been repaid during the current year.

During the year ended March 31, 2023, the Group obtained car loan of INR 8 million. Borrowing under this facility was repayable in 60 monthly instalments commencing from January 2022 and ending December 2026. The facility has been repaid during the current year.

Short-term loans

During the years ended March 31, 2024 and March 31, 2025, the Group obtained term loans of INR 1,500 million and INR 2,000 million, respectively, from HSBC. Borrowing under this facility is repayable in November 2025. The net carrying value of the loan as of March 31, 2025, is INR 3,480 million (US$ 40.7 million).

Covenants and debt financing costs

These aforementioned borrowings are subject to certain financial and non-financial covenants. Financial covenants include cash flow to debt service, indebtedness to net worth ratio, debt equity ratio and maintenance of debt service balances.

As of March 31, 2025, the Group was in compliance with the financial covenants or remediated the non-compliance prior to the issuance of these financial statements except for the loans due after March 31, 2025 aggregating to INR 266 million (US$ 3.1 million) (net of debt financing costs of INR 1 million), wherein the Group was not in compliance with the financial covenants and have classified the loan under current debt.

Generally, under the terms of the loan agreements entered into by the Company's project subsidiaries, the project subsidiaries are restricted from paying dividends, if they default in payment of their principal, interest and other amounts due to the lenders under their respective loan agreements. Certain of APGL's project subsidiaries also may not pay dividends out of restricted cash.

The carrying value of debt financing costs as on March 31, 2024 and March 31, 2025 was INR 968 million and INR 866 million (US$ 10.1 million), respectively, for the above loans, which is amortized over the term of the contract using the effective interest rate method.

Restricted cash

The Group is required to maintain principal and interest, both as defined in the respective agreements, as a reserve with banks specified by the respective lenders. Such amounts, totaling INR 4,141 million and INR 3,963 million (US$ 46.3 million) as of March 31, 2024 and March 31, 2025, respectively, are classified as restricted cash on the consolidated balance sheet.

As of March 31, 2025, the aggregate maturities of long-term debt are as follows:

	Annual maturities [1]	
As of March 31,	**INR**	**US$**
	(In million)	
2026	10,786	126.1
2027	40,721	476.2
2028	8,335	97.5
2029	4,249	49.7
2030	14,181	165.8
Thereafter	42,398	495.8
Total: aggregate maturities of long-term debt	**120,670**	**1,411.1**
Less: carrying value of unamortized debt financing costs	(866)	(10.1)
Net carrying value of long-term debt	**119,804**	**1,401.0**
Less: current portion of long-term debt	(10,498)	(122.8)
Long-term debt	**109,306**	**1,278.2**

[1] Long term debt (principal) obligations for foreign currency denominated borrowings have been translated to Indian rupees using the closing exchange rate as of March 31, 2025 as per Reserve Bank of India.

13. Income Taxes

The individual entities within the Group file individual tax returns as per the regulations existing in their respective jurisdictions.

The fiscal year under the Indian Income Tax Act ends on March 31. A portion of the Group's Indian operations 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 respective Group's entity generates power ("Tax Holiday Period"). However, the exemption is only available to the projects completed on or before March 31, 2017. For majority of our subsidiaries eligible for aforesaid deduction, we have claimed the same in the last ten years out of fifteen years beginning with the year in which the respective Group's entity generates power and when it has taxable income. Accordingly, its current operations are taxable at the applicable tax rates, based on eligibility criteria.

The Group had adopted the provisions of ASC Topic 740 as they relate to uncertain income tax positions. Tax exposures can involve complex issues and may require extended periods to resolve. The Group does not have any uncertain tax positions requiring recognition. The Group reassesses its tax positions in light of changing facts and circumstances, such as the closing of a tax audit, refinement of an estimate, or changes in tax codes. To the extent that the final tax outcome of these matters differs from the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made.

The provision (benefit) for income taxes consists of the following:

	Year ended March 31,		
	2024[(1)]	2025[(1)]	2025[(1)]
	INR	INR	US$
		(In million)	
Current tax expense	569	381	4.4
Withholding tax on interest on Inter-Company debt related to green bonds	447	265	3.1
Deferred income tax benefit	(834)	(1,104)	(12.9)
Total	**182**	**(458)**	**(5.4)**

(1) Current tax includes expense of INR 12 million and reversal of expense of INR 114 million (US$ 1.3 million) during the years ended March 31, 2024 and 2025, respectively, for tax adjustment relating to earlier years.

Loss before income taxes is as follows:

	March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Domestic operations	(2,677)	(2,768)	(32.3)
Foreign operations	(544)	(809)	(9.5)
Total	**(3,221)**	**(3,577)**	**(41.8)**

Net deferred income taxes on the consolidated balance sheet are as follows:

	March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Deferred tax assets	3,580	4,483	52.4
Less: valuation allowance	(1,814)	(2,131)	(24.9)
Net deferred tax assets	**1,766**	**2,352**	**27.5**
Deferred tax liability	**3,285**	**2,405**	**28.1**

At March 31, 2025, the Group performed an analysis of the recoverability of the deferred tax asset. Based on the analysis, the Group has concluded that a valuation allowance offsetting the deferred tax assets is required. Change in the valuation allowance for deferred tax assets as of March 31, 2024 and March 31, 2025 is as follows:

	March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Opening valuation allowance	2,455	1,814	21.2
Movement during the Year	(641)	317	3.7
Closing valuation allowance	**1,814**	**2,131**	**24.9**

The significant components of the net deferred income tax assets and liabilities exclusive of amounts that would not have any tax consequences because they will reverse within the Tax Holiday Period, are as follows:

	As of March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Deferred tax assets:			
Net operating loss [(a)]	19,271	19,368	226.5
Tax on Inter — Company margin	5	6	0.1
Deferred revenue	623	623	7.3
Asset retirement obligation	313	351	4.1
Minimum alternate tax credit	1,639	811	9.5
Allowance under Section 94B of Indian Income Tax Act	-	4,983	58.3
Other deductible temporary difference	397	130	1.5
Capital loss on investment in rooftop and other assets	843	843	9.9
Valuation allowance	(1,814)	(2,131)	(24.9)
Deferred tax liabilities:			
Depreciation and amortization	(21,980)	(24,584)	(287.6)
Other comprehensive income	(816)	(453)	(5.3)
Net deferred tax liability	**(1,519)**	**(53)**	**(0.6)**

(a) Includes deferred tax on unabsorbed depreciation that can be carried forward indefinitely for set off as per income tax laws.

APGL, the holding company and two of its subsidiaries incorporated in Mauritius have an applicable income tax rate of 15%. However, the group's significant operations are based in India and are taxable as per the Indian Income Tax Act, 1961. For effective tax reconciliation purposes, the applicable tax rate in India has been considered. The income tax rate differs from the amount computed by applying the statutory income tax rate to loss before income taxes and is as follows:

	Year ended March 31,				
	2024		2025		
	Tax (INR million)	%	Tax (INR million)	%	US$ million
Statutory income tax (benefit)/expense	(1,126)	34.94%	(900)	25.17%	(10.5)
Temporary differences reversing in the Tax Holiday Period	(403)	12.51%	1,606	(44.90)%	18.7
Permanent timing differences	1,954	(60.66)%	1,518	(42.44)%	17.7
Temporary differences on Section 94B allowance	-	-	(4,310)	120.50%	(50.4)
Minimum alternate tax credit	-	-	895	(25.02)%	10.5
Valuation allowance created / (reversed) during the year	(641)	19.90%	317	(8.86)%	3.7
Tax adjustment relating to earlier years	12	(0.37)%	(114)	3.19%	(1.3)
Withholding tax on interest on Inter-Company debt related to green bonds	447	(13.88)%	265	(7.41)%	3.1
Other difference	(61)	1.96%	265	(7.41)%	3.1
Total	**182**	**(5.60)%**	**(458)**	**12.82%**	**(5.4)**

During the year end March 31, 2020, The Taxation Laws (Amendment) Act, 2019 has brought key changes to corporate tax rates in the Income Tax Act, 1961, which reduced the tax rate for certain subsidiaries within the group to 25.17%. Azure Power India Private Limited and some of its subsidiaries which are claiming tax benefits under section 80-IA of the Income Tax Act had decided not to opt for this lower tax benefit and have continued under the old regime for the fiscal year ended March 31, 2024 and 2025. The statutory income tax rate as per the Income Tax Act, 1961 ranges between 25.17% to 34.94%, depending on the tax regime chosen by the particular subsidiary.

As of March 31, 2024, and 2025, deferred income taxes have not been provided for the Company's share of undistributed net earnings of foreign operations due to management's intent to reinvest such amounts indefinitely.

14. Interest expense, net

Interest expense, net consists of the following:

	Year ended March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
	(In million)		
Interest expense:			
Term loans	11,900	11,148	130.4
Bank charges and other [1]	959	1,182	13.8
Loss on account of modification of contractual cash flows	26	-	-
	12,885	**12,330**	**144.2**
Interest income:			
Term and fixed deposits	1,260	1,150	13.5
Others	594	497	5.8
	1,854	**1,647**	**19.3**
Total	**11,031**	**10,683**	**124.9**

(1) Bank charges and other includes amortization of debt financing costs of INR 457 million and INR 665 million (US$ 7.8 million) for the years ended March 31, 2024 and 2025, respectively, and includes debt financing costs written off related to the debt refinancing amounting to INR Nil million and INR 120 million (US$ 1.4 million) respectively.

15. (Gain)/loss on foreign currency exchange

(Gain)/loss on foreign currency exchange consists of the following:

	Year ended March 31,		
	2024	2025	2025
	(INR)	(INR)	(US$)
	(In million)		
Unrealized loss/ (gain) on foreign currency loans	11	(11)	(0.1)
Other (gain)/loss on foreign currency exchange	(46)	19	0.2
Total	**(35)**	**8**	**0.1**

16. Equity shares

Equity shares

Equity shares have a par value of US$0.000625 per share at APGL. There is no limit on the number of equity shares authorized. As of March 31, 2024, and 2025, there were 64,166,360 and 64,166,360 equity shares issued and outstanding.

	As of March 31,			
	2024	**2024**	**2025**	**2025**
	Number of shares	**INR in thousands**	**Number of shares**	**INR in thousands**
Issued:				
Outstanding and fully paid:				
Equity shares of US$0.000625 par value each				
Beginning balance	64,166,360	2,838	64,166,360	2,838
Issuance of new shares	-	-	-	-
Exercise of ESOPs	-	-	-	-
Ending balance	**64,166,360**	**2,838**	**64,166,360**	**2,838**

Accumulated other comprehensive loss

The following represents the changes and balances to the components of accumulated other comprehensive loss:

	Foreign currency translation, net of taxes (INR)	**Cashflow Hedge, net of taxes (INR)**	**Total accumulated other comprehensive loss, net of taxes (INR)**
		(in million)	
Balance as of March 31, 2023	**(7,742)**	**3,503**	**(4,239)**
Adjustments during the year	(393)	1,049	656
Balance as of March 31, 2024	**(8,135)**	**4,552**	**(3,583)**
Adjustments during the year	3,460	(1,938)	1,522
Balance as of March 31, 2025	**(4,675)**	**2,614**	**(2,061)**
Balance as of March 31, 2025 ((US$) (Note 2(d))	**(54.7)**	**30.6**	**(24.1)**

17. Earnings per share

The Group calculates earnings per share in accordance with FASB ASC Topic 260 Earnings Per Share and FASB ASC Topic 260-10-45 Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. Basic and diluted earnings losses per equity share give effect to the change in the number of equity shares of the Company. The calculation of basic earnings per equity share is determined by dividing net loss attributable to APGL equity shareholders by the weighted average number of equity shares outstanding during the respective periods. The potentially dilutive shares, consisting of employee share options have been included in the computation of diluted net earnings per share and the weighted average shares outstanding, except where the result would be anti-dilutive.

Net loss per share is presented below:

	Year ended March 31		
	2024 (INR)	2025 (INR)	2025 (US$)
	(amounts in millions, except share and per share data)		
Net loss attributable to APGL equity shareholders (A)	**(3,345)**	**(3,131)**	**(36.5)**
Shares outstanding for allocation of undistributed income:			
Equity shares	64,166,360	64,166,360	64,166,360
Weighted average shares outstanding			
Equity shares – Basic (B)	64,166,360	64,166,360	64,166,360
Equity shares – Diluted (C)	64,166,360	64,166,360	64,166,360
Net loss per share – basic and diluted			
Equity loss per share – Basic (D=A/B)	(52.13)	(48.80)	(0.57)
Equity loss per share – Diluted (E=A/C)	(52.13)	(48.80)	(0.57)

The number of share options outstanding but not included in the computation of diluted earnings per equity share because their effect was antidilutive, is 304,202 and 142,048 for years ended March 31, 2024 and 2025, respectively.

18. Leases

The Group has several non-cancellable operating leases, primarily for construction of solar power plants and for office facilities, warehouses, and office space that have a lease term ranging between 2 to 35 years (after considering further extendable period on mutual agreement by both lessor and lessee). The Group has considered the renewal options in determining the lease term to the extent it was reasonably certain to exercise those renewal options and accordingly, associated potential option payments are included as part of lease payments.

The components of lease cost for the year ended March 31, 2024 and March 31, 2025 were as follows:

	For the year ended March 31,		
	2024	2025	2025
	INR	INR	US$
		(In million)	
Operating lease cost	489	485	5.7
Short-term lease cost	12	8	0.1
Total lease cost	**501**	**493**	**5.8**

Amounts reported in the consolidated balance sheet as of March 31, 2024 and March 31, 2025 were as follows:

	As at March 31, 2024 INR	As at March 31, 2025 INR	As at March 31, 2025 US$
		(In million)	
Non-current assets			
Right-of-use assets	4,210	4,082	47.7
Non-current liabilities			
Lease liabilities	3,469	3,482	40.7
Current liabilities			
Lease liabilities	316	324	3.8
Total operating lease liabilities	**3,785**	**3,806**	**44.5**

Other information related to leases as of March 31, 2024 and March 31, 2025 was as follows:

	As at March 31, 2024 INR	As at March 31, 2025 INR	As at March 31, 2025 US$
		(In million)	
Supplemental cash flow information:			
Cash paid for amounts included in the measurement of lease liabilities	310	340	4.0
Weighted average remaining lease term	28 years	27 years	
Incremental borrowing rate	10%	10%	

Maturities of lease liabilities under non-cancellable leases as of March 31, 2025 are as follows:

As of March 31,	(INR)	US$
	(In million)	
2026	338	4.0
2027	350	4.1
2028	360	4.2
2029	337	3.9
2030	320	3.7
Thereafter	10,416	121.8
Total undiscounted lease payments	**12,121**	**141.7**
Less: Imputed interest	8,315	97.2
Total lease liabilities	**3,806**	**44.5**

19. Commitments, guarantees and contingencies

A) Capital commitments

The commitments for the purchase of property, plant and equipment were INR 19,640 million and INR 1,399 million (US$ 16.4 million) as of March 31, 2024 and 2025 respectively.

B) Guarantees

The terms of our PPAs provide for the annual delivery of a minimum amount of electricity at fixed prices. Under the terms of the PPAs, we have issued irrevocable performance bank guarantees. These in total amount to INR 1,652 million and INR 1,741 million (US$ 20.4 million) as of March 31, 2024 and 2025, respectively.

As of March 31, 2024 and 2025, the Group has irrevocable performance bank guarantees aggregating to INR 746 million and INR 641 million (US$ 7.5 million) respectively, in relation to projects under pipeline. Further, bank guarantees of INR 823 million and INR 1,017 million (US$ 11.9 million) as of March 31, 2024 and 2025 respectively are in relation to commissioned projects as per respective PPAs and other project requirements.

Bank guarantees issued to meet Debt-Service Reserve Account (DSRA) requirements for outstanding loans amounts to INR 78 million (US$ 0.9 million) as of March 31, 2024 and as of March 31, 2025.

Further, bank guarantee towards other commitments amounts to INR 5 million (US$ 0.1 million) as of March 31, 2024 and as of March 31, 2025. The funds released from maturity/settlement of existing bank guarantees can be used for future operational activities.

C) Contingencies

A PIL was filed before Supreme Court by certain individuals and organization claiming interest in wildlife conservation seeking protection of two endangered bird species, namely the GIB and the Lesser Florican found in the states of Rajasthan and Gujarat. The petition was filed against several parties, including various state governments such as Rajasthan, Gujarat and MNRE, MoP. By order dated April 19, 2021 Supreme Court directed, among other things, (i) all low voltage transmission lines, existing and future, falling in potential and priority habitats of GIB were to be laid underground, subject to feasibility test; (ii) existing high voltage lines in priority and potential areas of GIB were to be undergrounded within one year where feasible, or otherwise referred to the committee formed by the Supreme Court for decision on feasibility; and (iii) bird diverters were to be installed on all existing overhead lines in the interim. Subsequently, by order dated March 21, 2024, the Supreme Court modified its earlier directions dated April 19, 2021, recognizing the need to balance the protection of endangered species with the growth of the renewable energy sector and India's climate commitments to reduce emissions. In the modified order the Court, among other things, (i) restricted the undergrounding requirement (subject to feasibility), only to the designated Priority Area (i.e. 13,163 sq. kms as identified under the order); (ii) eased the restrictions in the Potential Area (as identified under the order); and (iii) constituted an expert committee 'inter alia' including representatives of the power sector to ascertain the technical feasibility of undergrounding of High and Low Voltage transmission lines in the Priority Area and to propose guidelines for laying of transmission lines in the Potential Area. The said committee submitted its report to the Court through union government on May 13, 2025. Citing practical difficulties in laying down underground transmission lines, the Solar Power Developers Association ("SPDA") and Union of India have filed applications before the Supreme Court seeking among others, exemption from undergrounding of transmission lines in Potential Areas. If the application is dismissed, we might entail significant costs and delays.

A contingent liability amounting to INR 428 million (US$ 5.0 million) may arise on account of dispute raised by one of the vendors.

20. Related Party Disclosures

The Company and its subsidiary, Azure Power India Private Limited ("APIPL"), were parties to an arbitration proceeding initiated by Mr. Inderpreet Singh Wadhwa ("IW"), former Chairman, CEO, and Managing Director of the Company, and Mr. H.S. Wadhwa ("HSW"), former COO of APIPL. The dispute concerned the purchase price of their respective shareholdings in APIPL. The arbitration was conducted under rules of the Singapore International Arbitration Centre (SIAC). The arbitration concluded with an award in our favor. Subsequently, IW and HSW filed an appeal challenging the SIAC award which was also dismissed by Singapore High Court vide order dated June 29, 2022, thereby, upholding the Award in our favor. We have filed a petition before the High Court of Delhi seeking enforcement of the award. In the course of these proceedings, IW and HSW have been restrained from alienating or creating any third-party rights over their shares in APIPL, which form the subject matter of the award. This matter is next listed for hearing on July 21, 2025.

21. Share based compensation

The Company has a 2015 Stock Option Plan and 2016 Equity Incentive Plan and as amended on March 31, 2020 (collectively "ESOP Plans") duly approved by the Board and had 2,023,744 stock options in the employee stock option pool. Under the ESOP Plans, the Compensation Committee on behalf of Board of Directors (the "Directors") may from time to time make grants to one or more employees, determined by it to be eligible for participation under the plans.

The Compensation Committee determines which employees are eligible to receive the equity awards, the number of equity awards to be granted, the exercise price, the vesting period and the exercise period. The vesting period will be decided by the Compensation Committee as and when any grant takes place. All options granted under these plans shall vest over a period of 4 years from the date of grant with 25% vesting at the end of year one, 25% vesting at the end of year two, 25% vesting at the end of year three and 25% vesting at the end of year four unless specified otherwise. Shares forfeited by the Company are transferred back to the employee stock pool and shall be available for new grants.

Options are deemed to have been issued under these plans only to the extent actually issued and delivered pursuant to a grant. To the extent that a grant lapses or the rights of its grantee terminate, any equity shares subject to such grant are again available for new grants.

The option grant price may be determined by the Compensation Committee and is specified in the option grant. The grant is in writing and specifies the number of options granted the price payable for exercising the options, the dates on which some or all of the options shall be eligible for vesting, fulfilment of the performance and other conditions, if any, subject to when vesting shall take place and other terms and conditions thereto. The option grant can be exercised only by the employees/ Key Managerial personnel (KMP) of the Group.

Employee Stock Option Plan and Restricted Stocks (RS)

Options granted under the plan are exercisable into equity shares of the Company, have a contractual life equal to the shorter of ten years, or July 20, 2025, or July 20, 2027, as the case may be, and vest equitably over four years, unless specified otherwise in the applicable award agreement. The Group recognizes compensation cost, reduced by the estimated forfeiture rate, over the vesting period of the option. Summary of share option activity during the years ended March 31, 2024 and March 31, 2025 is set out below:

	Number of options	**Weighted average exercise price in INR**
Options outstanding as of March 31, 2023	415,813	1,276
Granted	-	-
Exercised	(1,945)	-
Forfeited/Expired	(109,666)	1,624
Options outstanding as of March 31, 2024	304,202	1,158
Vested and exercisable as of March 31, 2024	**241,678**	**1,122**

	Number of options	Weighted average exercise price in INR
Options outstanding as of March 31, 2024	304,202	1,158
Granted	-	-
Exercised	-	-
Forfeited/Expired	(162,154)	1,250
Options outstanding as of March 31, 2025	142,048	1,054
Vested and exercisable as of March 31, 2025	**142,048**	**1,054**

Total options available for grant as of March 31, 2025 was 457,114 ESOPs.

The Black-Scholes-Merton option pricing model includes assumptions regarding dividend yields, expected volatility, expected option term, and risk-free interest rates. The Company estimates expected volatility based on the historical volatility of the Company (considering sufficient history of its own data is available now for identifying the volatility). The risk-free interest rate is based on the yield of relevant time period based on US government bonds in effect at the time of grant for a period commensurate with the estimated expected life. The expected term of options granted is derived using the "simplified" method as allowed under the provisions of ASC Topic 718 to provide a reasonable basis upon which to estimate expected term.

No new grants have been made by the Company during the current year.

As of March 31, 2024, and 2025, the aggregate intrinsic value of all outstanding options was Nil.

The share-based compensation expense related to share options (including RS) is recorded as a component of general and administrative expenses in the Company's consolidated statements of operations and totaled, reversal of expense INR 2 million and reversal of expense of INR 17 million (US$ 0.2 million) for the years ended March 31, 2024 and 2025, respectively.

Unrecognized compensation cost for unvested option as of March 31, 2025 is INR Nil million.

During November 2018, the Company repriced the exercise price for 692,507 options, which were previously awarded to certain officers, employees and directors under the ESOP plans from US$ 13.25 to US$ 11.90 per share. All terms and conditions of the eligible options, including the vesting schedule, service condition and other terms remain the same. The impact of the repricing of the options has been considered in the company's financial statements.

Stock Appreciation Rights (SARs)

The Company granted incentive compensation in the form of Stock Appreciation Rights ("SARs"), as defined in the Company's 2016 Equity Incentive Plan, as amended on March 31, 2020, to its erstwhile CEO and erstwhile COO. The SARs have been granted in 4 tranches with maturity dates up to financial year March 31, 2028.

A summary of SARs activity during the periods ending March 31, 2024 and 2025 is set out below:

	Number of SARs	Weighted average exercise price in INR
SAR outstanding as of March 31, 2023	680,000	878
Granted	-	-
SAR forfeited/reversed during the year	-	-
Options outstanding as of March 31, 2024	680,000	878
Vested as of March 31, 2024	680,000	878
Exercisable as of March 31, 2024	680,000	878

	Number of SARs	Weighted average exercise price in INR
SAR outstanding as of March 31, 2024	680,000	878
Granted	-	-
SAR forfeited/reversed during the year	-	-
Options outstanding as of March 31, 2025	680,000	878
Vested as of March 31, 2025	680,000	878
Exercisable as of March 31, 2025	680,000	878

Fair value of SARs as of March 31, 2025 has been taken basis the expected settlement with the erstwhile CEO and erstwhile COO.

The share-based compensation expense related to SARs is recorded as a component of general and administrative expenses in the Group's consolidated statements of operations was INR Nil million and INR Nil million for the year ended March 31, 2024 and 2025, respectively. The carrying value of the liability recorded for SARs as at March 31, 2024 and 2025 was INR 198 million and INR 198 million (US$ 2.3 million), respectively.

Unrecognized compensation cost for unvested SARs as of March 31, 2025 is INR Nil million.

The fair value per SAR at the date of grant is as follows:

Date of grant	No. of SARs granted	Deemed fair value of SAR (INR)	Vesting period	Valuation used
July 18, 2019	200,000	722	February 2020	Market price
July 18, 2019	1,600,000	722	March 31, 2020 to July 31, 2027	Market price
March 30, 2020	170,000	1,069	March 31, 2021 to March 31, 2024	Market price
March 30, 2021	80,000	2,056	March 31, 2022 to March 31, 2025	Market price

22. Post retirement plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is unfunded and accrued cost is recognized through a provision in the accounts of the Group.

The following table sets forth the changes in projected benefit obligations -

	As of March 31,		
	2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Benefit obligation at beginning of year	**48**	**58**	**0.7**
Service cost	13	11	0.1
Interest cost	4	4	0.0
Net actuarial loss	2	1	0.0
Benefits paid	(9)	(16)	(0.1)
Benefit obligation at end of year	**58**	**58**	**0.7**
Amounts recognized in statement of financial position at March 31 consist of:			
Other non-current liabilities	44	42	0.5
Other current liabilities	14	16	0.2
Net amount recognized	**58**	**58**	**0.7**

Components of Net Periodic Benefit Cost

Net periodic benefit cost for our post-retirement benefit plans consisted of the following and is recorded as a component of general and administrative expenses in the Group's consolidated statement of operations:

	Year ended March 31		
	2024 (INR)	2025 (INR)	2025 (US$)
		(In million)	
Service cost	13	11	0.1
Interest cost	4	4	0.0
Amortization of:			
Net actuarial loss	2	1	0.0
Net periodic benefit cost	**19**	**16**	**0.1**

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	Year ended March 31	
	2024	2025
Discount rate	7.59%	6.95%
Salary escalation rate	10.00%	10.00%
Employee turnover rate	26.00%	28.00%
Retirement age	58 years	58 years

The following estimated payments to the defined benefit plan in future years:

	Year ended March 31		
	2024	2025	2025
	(INR)	(INR)	(US$)
		(In million)	
Within the next			
- 1 year	14	17	0.2
- 1 and 2 years	11	11	0.1
- 2 and 3 years	9	9	0.1
- 3 and 4 years	8	8	0.1
- 4 and 5 years	8	7	0.1
- 5 and 10 years	19	17	0.2

23. Impairment of assets and Assets held for sale

(a) In April 2021, the APIPL had entered into an agreement with Radiance to sell certain subsidiaries (the "Rooftop Subsidiaries") with an operating capacity of 153 MW (the "Rooftop Portfolio") for INR 5,350 million, subject to certain purchase price adjustments (the "Rooftop Sale Agreement"). Pursuant to the Rooftop Sale Agreement, Radiance will acquire 100% of the equity ownership of the Rooftop Subsidiaries owned by the Group. The Group had recognized an impairment loss in relation to the Rooftop Subsidiaries aggregating to INR 3,255 million during the year ended March 31, 2021, pursuant thereto these assets (net) were carried at their fair values in the financial statements.

As per the terms of the Rooftop Sale Agreement out of 43.2 MW operating capacity that are part of the Restricted Groups (as defined in the respective Green Bond Indentures) during August 2021, post refinancing of 5.5% Senior Notes and repayment of loan relating to one of a rooftop project of 10 MW the Group transferred 100% shareholding in that project to Radiance and 48.6% of the equity ownership of entities forming part of Restricted Group having 33.2 MW operating capacity has also been transferred to Radiance on the closing date. Pursuant to the terms of the Green Bond Indentures, the remaining 51.4% was to be transferred post refinancing of the Green Bonds which were due in December 2024. During the current year, pursuant to refinancing of the Green Bonds, the Group transferred 51.4% remaining equity ownership to Radiance for 21.8 MW out of remaining operating capacity of 33.2 MW. Further, subsequent to the year ended March 31, 2025, during May 2025, 51.4% remaining equity ownership for the balance 11.4 MW was also transferred to Radiance.

There was also a restriction on transfer of equity ownership relating to the 16 MW project with Delhi Jal Board (DJB), wherein 49% of the equity ownership was transferred to Radiance on closing date, and the remaining 51% was to transferred on or after September 30, 2024, subsequent to the year ended March 31, 2025, during April 2025, the Group also transferred 51% remaining equity ownership of the DJB 16 MW project to Radiance.

Further, the Group and Radiance have mutually terminated the transfer in shareholding of the remaining un-transferred 86.5 MW portfolio to Radiance, and accordingly, the Purchaser will not purchase from the Sellers and the Sellers will not sell to the Purchaser the AZR Sale Shares (including any Seller Group Loans) as was agreed in the Previous MSPA and further amended under the Amended MSPA.

During the current year ended March 31, 2025, upon removal of transfer restrictions and transfer of the remaining equity ownership in respect of the 33.2 MW operating capacity that were part of the Restricted Groups, and 16 MW project with Delhi Jal Board, there is a loss of control in respect to these entities. Accordingly, the carrying amount of the net assets and the non-controlling interest is derecognized and correspondingly fair value of the proceeds are recognized, with the resulting difference led to reversal of impairment amounting to INR 2 million (US$ 0.0 million) and a gain of amounting to INR 376 million (US$ 4.4 million) which have been recorded under general and administrative expenses respectively in the consolidated statement of operations.

The fair value of consideration related to the rooftop sale in earlier years included expected recovery of VGF for INR 463 million. The Group has undertaken to refund to the purchaser an amount equivalent to 85% of any shortfall in recovery of VGF. Based on the current circumstances, management has assessed that they have complied with the conditions associated with the grant of VGF and hence have determined that the recovery of the VGF is likely.

(b) During the year ended March 31, 2025, the Group has recognized impairment loss of INR 329 million towards written down value of rooftop assets still held by the Company.

(c) During the year ended March 31, 2024, the Group had recognized impairment loss of INR 723 million against Naregal site for wind projects pursuant to expiry of Government Orders ("GOs") during Fiscal Year 2025 and uncertainty of execution of project at that site.

(d) During the year ended March 31, 2024, the Group had recognized impairment loss of INR 26 million towards written down value of assets, provision for bank guarantee and other expected cost in relation to Delhi 2 MW project.

24. Fair Value Measurements

ASC Topic 820 Fair Value Measurements and Disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly, hypothetical transaction between market participants at the measurement date. ASC Topic 820 establishes a three-tier value hierarchy of fair value measurement based upon the whether the inputs to that measurement are observable or unobservable. Observable inputs reflect data obtained from independent sources while unobservable inputs reflect the Group's market assumptions. ASC Topic 820 prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Includes other inputs that are directly or indirectly observable in the marketplace. Observable inputs, other than Level 1 quoted prices for similar instruments in active markets; quoted prices for similar or identical instruments in markets that are not active; and valuations using models in which all significant inputs are observable in active markets.

Level 3 — Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

In accordance with ASC Topic 820, assets and liabilities are to be measured based on the following valuation techniques:

Market approach — Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach — converting the future amounts based on the market expectations to its present value using the discounting methodology.

Cost approach — Replacement cost method.

The valuation techniques used by the Group to measure and report the fair value of certain financial assets and liabilities on a recurring basis are as follows;

Foreign exchange derivative contracts

The Group enters into foreign exchange option contracts to hedge fluctuations in foreign exchange rates for recognized balance sheet items such as foreign exchange term loans. The Group mitigates the credit risk of these foreign exchange option contracts by transacting with highly rated counterparties which are major banks. The Group uses valuation models to determine the fair value of the foreign exchange option contracts. The inputs considered 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. The techniques and models incorporate various inputs including the credit worthiness of counterparties, foreign exchange spot and forward rates, interest rate yield curves, forward rate yield curves of the underlying option contracts. The Group classifies the fair value of these foreign exchange option contracts in Level 2 because the inputs used in the valuation model are observable in active markets over the term of the respective option contracts.

		Fair value measurement at reporting date using		
Description	**As of March 31, 2024**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In million)		
Assets				
Current assets				
Fair valuation of swaps and options (INR)	3,242	-	3,242	-
Fair valuation of swaps and forward (INR)	364	-	364	-
Non-current assets				
Fair valuation of swaps and options (INR)	2,001	-	2,001	-
Forward exchange derivative contracts (INR)	1,546	-	1,546	-
Total assets (INR)	**7,153**	-	**7,153**	-

		Fair value measurement at reporting date using		
Description	**As of March 31, 2024**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In million)		
Liabilities				
Current liabilities				
Forward exchange derivative contracts (INR)	21	-	21	-
Fair valuation of swaps and forward (INR)	2	-	2	-
Fair valuation of swaps and options (INR)	501	-	501	-
Total Liabilities (INR)	**524**	-	**524**	-

Description	As of March 31, 2025	Fair value measurement at reporting date using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In million)		
Assets				
Current Asset				
Fair valuation of swaps and options (INR)	4,243	-	4,243	-
Fair valuation of swaps and forward (INR)	16	-	16	-
Non-current assets				
Fair valuation of swaps and options (INR)	15	-	15	-
Fair valuation of swaps and forward (INR)	1,595	-	1,595	-
Total assets (INR)	**5,869**	-	**5,869**	-
Total assets (US$)	**68.6**	-	**68.6**	-

Description	As of March 31, 2025	Fair value measurement at reporting date using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In million)		
Liabilities				
Current liabilities				
Fair valuation of swaps and forwards (INR)	22	-	22	-
Fair valuation of swaps and options (INR)	1,597	-	1,597	-
Total Liabilities (INR)	**1,619**	-	**1,619**	-
Total Liabilities (US$)	**18.9**	-	**18.9**	-

The carrying amount of cash and cash equivalents, including restricted cash, accounts receivable, accounts payables, and other current financial assets and liabilities approximate their fair value largely due to the short-term maturities of these instruments and are classified as level 2. There have been no transfers between categories during the current year.

The carrying value and fair value of the Group’s fixed rate project financing term loans is as follows:

	As of March 31, 2024 Carrying Value (INR)	Fair Value * (INR)
	(In million)	
Fixed rate project financing loans:		
Foreign currency loans	53,465	49,834
Indian rupee loans	2,237	2,166

	As of March 31, 2025		
	Carrying Value (INR)	Fair Value * (INR)	US$
	(In million)		
Fixed rate project financing loans:			
Foreign currency loans	24,982	23,791	278.2

The Group uses the yield method to estimate the fair value of fixed rate loans using interest rate change as an input. The carrying amount of the Group's variable rate project financing terms loans approximate, their fair values due to their variable interest rates.

* Fair value measurement at reporting date using significant unobservable inputs (Level 3).

25. Derivative instruments and hedging activities

Option Contracts Undesignated as Hedge

(Gains)/Losses on foreign exchange derivative contracts for the year ended March 31, 2024 and 2025 aggregated INR Nil million and INR Nil million, respectively.

Contracts designated as a Cashflow Hedge

The Group hedged the foreign currency exposure risk related to certain intercompany loans denominated in foreign currency through a call spread option with a full swap for coupon payments. The Group also availed trade credit facilities denominated in foreign currencies which were fully hedged through interest rate swaps. The foreign currency forward contracts and options were not entered into for trading or speculative purposes.

The Group documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested as determined at the time of inception of the contract. 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, 2025.

The following table presents outstanding notional amount and balance sheet location information related to foreign exchange derivative contracts as of March 31, 2024 and 2025:

	As of March 31, 2024								
	Notional Amount (US$)	Non-Current Liabilities (Fair Value) (INR)	Current Liabilities (Fair Value) (INR)	Prepaid expenses and other current assets (Fair Value) (INR)	Other Non-Current Assets (Fair Value) (INR)	Other Non-Current Assets (Fair Value) (US$)	Current Liabilities (Fair Value) (US$)	Non-Current Liabilities (Fair Value) (US$)	Prepaid expenses and other current assets (Fair Value) (US$)
	(In million)								
Fair valuation of swaps and options	632.0	-	501	3,242	2,001	24.0	6.0	-	38.9
Forward exchange derivative contract	98.3	-	21	-	-	-	0.2	-	-
Fair valuation of swaps and forward	200.0	-	2	364	1,546	18.6	0.0	-	4.4

	As of March 31, 2025								
	Notional Amount (US$)	Non-Current Liabilities (Fair Value) (INR)	Current Liabilities (Fair Value) (INR)	Prepaid expenses and other current assets (Fair Value) (INR)	Other Non-Current Assets (Fair Value) (INR)	Other Non-Current Assets (Fair Value) (US$)	Current Liabilities (Fair Value) (US$)	Non-Current Liabilities (Fair Value) (US$)	Prepaid expenses and other current assets (Fair Value) (US$)
	(In million)								
Fair valuation of swaps and options	468.8	-	1,597	4,243	15	0.2	18.7	-	49.6
Forward exchange derivative Contract	-	-	-	-	-	-	-	-	-
Fair valuation of swaps and forward	153.1	-	22	16	1,595	18.6	0.2	-	0.2

The Group recorded the net fair value of derivative liability of INR 657 million and INR 2,379 million (US$ 27.8 million) in the Other comprehensive income for the year ended March 31, 2024 and 2025, respectively and recorded an expense of INR 1,971 million and INR 1,116 million (US$ 13.1 million) related to the amortization of the cost of the hedge for the year ended March 31, 2024 and 2025, respectively.

The foreign exchange derivative contracts mature generally over a period of 0.3 – 2.7 years.

Contracts designated as fair value hedge

The Group hedged the exposure to fluctuations in the fair value of firm commitments denominated in foreign currency through forward exchange derivative contracts. Fair value adjustments related to non-financial instruments will be recognized in the hedged item upon recognition and will eventually affect earnings as and when the hedged item is derecognized. Changes in the fair value of derivatives designated and qualifying as fair value hedges, together with any changes in the fair value of the hedged firm commitments attributable to the hedged risk, will be recorded in the consolidated balance sheet. The gain or loss on the hedging derivative in a hedge of a foreign-currency-denominated firm commitment and the offsetting loss or gain on the hedged firm commitment is recognized in earnings in the accounting period, post the recognition of the hedged item in the balance sheet. The forward exchange derivative contracts were not entered into for trading or speculative purposes.

26. Concentrations of credit risk

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, accounts receivables and derivative instruments. The Group mitigates the risk of credit losses from financing instruments, other than accounts receivables, by selecting counter parties that are well known Indian or international banks.

The following customers account for more than 10% of the Group's accounts receivable and/or sale of power as of and for the year ended March 31, 2024 and 2025:

	March 31, 2024		March 31, 2025	
Customer Name	**% of Sale of Power**	**% of Accounts Receivable**	**% of Sale of Power**	**% of Accounts Receivable**
Solar Energy Corporation of India	45.20%	53.46%	46.43%	52.60%
Chamundeshwari Electricity Supply Company	2.52%	14.95%	1.89%	15.51%
NTPC Vidyut Vyapar Nigam Limited	13.22%	2.80%	13.19%	2.43%

27. Whistle-blower Allegations and Special Committee Investigation

As the Company has disclosed in its filings since 2022, in May and September of 2022, the Company received whistleblower complaints and initiated internal investigations headed by the Audit and Risk Committee (the "ARC Investigation") and a Special Committee of Board of Directors established in August 2022 (the "Special Committee Investigation"). The committees initiated separate investigations with the support of external counsel and forensic advisors. At the direction of the Board, external counsel for the committees initiated a voluntary self-disclosure on behalf of the Company to the U.S. Department of Justice and the Securities and Exchange Commission (the "U.S. Government"). The Company continues to cooperate with the U.S. Government's investigations.

The ARC Investigation was concluded in the previous fiscal year.

The Special Committee Investigation, which is substantially complete, identified evidence that individuals formerly affiliated with the Group may have had knowledge of, or were involved in, an apparent scheme with persons outside the Group to make improper payments in relation to certain projects. To date, the Special Committee has not identified related improper payments or transfers by the Group. The Special Committee's review and its findings have impacted the decision-making of the Group in connection with such projects.

On November 20, 2024, a grand jury in the Eastern District of New York indicted former Company directors Cyril Cabanes and Deepak Malhotra, former Azure executives Ranjit Gupta and Rupesh Agarwal, and several other individuals (unrelated to the Group) for alleged conduct related to the Special Committee Investigation. Separately, on November 20, 2024, the SEC brought complaints against former director Cyril Cabanes and other individuals (unrelated to the Group) for alleged conduct related to the Special Committee Investigation.

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of INR 1,945 million (US$ 23.0 million) on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

Our Group (specifically our subsidiaries with respect to affected projects) could be exposed to liabilities under the relevant contractual and tender documents (including levy of damages and liquidated damages, reduction of PPA tariffs and/or short closure of capacity), administrative actions (including the risk of PPA cancellation, risk of being debarred from SECI's future contracts, withdrawal or nullification of commissioning certificates and/or revocation of commissioning extensions) and penalties from customers and other civil liabilities, all of which could adversely impact the revenue, profitability and capitalization of the affected projects. In addition, civil and/or criminal fines and/or penalties by regulatory authorities (including by the U.S. Government and applicable Indian regulatory authorities) could be imposed on us as well as ongoing obligations, remedial corporate measures or other relief against us that could adversely impact our operations. Any such fines, penalties, ongoing obligations or other measures or relief against us could materially and adversely affect our business, results of operations, financial condition and cash flows in future periods. Further, in addition, certain of those outcomes could adversely impact our ability to maintain compliance with the covenants under our credit facilities or result in an event of default thereunder. In addition, we could be exposed to future litigation in connection with any findings of fraud, corruption, or other misconduct by persons who served as our directors, officers and employees.

28. Subsequent events

As the Company has previously disclosed, a class action lawsuit was filed in the U.S. District Court for the Southern District of New York, case number 1:22-cv-07432, against the Company and certain of its former directors and officers alleging violations of U.S. securities laws. Subject to final approval by the court, the Company and the lead plaintiff have agreed to settle the case without any admission of liability by any defendants. The settlement received preliminary approval by the Court on April 30, 2025, and the Company expects a hearing to address final approval to take place in September 2025. As of March 31, 2025, the Company has recognised a provision of INR 1,945 million (US$ 23.0 million) on account of the above settlement. Subsequently, the Company has also transferred the amount in a designated escrow account created as part of the settlement.

In relation to our Karnataka 3.1 project, the Group has an outstanding receivable from Chamundeshwari Electricity Supply Company Limited (CESCOM), which has been under dispute and the subject of an appeal before the Appellate Tribunal for Electricity (APTEL). Pursuant to the order dated May 30, 2025, APTEL has directed CESCOM to pay the differential amount between the cost of energy calculated at a tariff of INR 6.89 per kWh and INR 4.36 per kWh, for the period from the Commercial Operation Date (CoD) until the date of realization. In addition, APTEL has directed payment of interest in accordance with the Late Payment Surcharge (LPS) mechanism and refund of any liquidated damages that may have been recovered. CESCOM had filed an appeal before the Supreme Court which was dismissed on July 15, 2025.