

Azure Power Global Limited
Results for Fiscal First Half 2025 | Six-months ended September 30, 2024

Ebene, November 28, 2024: Azure Power Global Limited, a leading independent renewable power producer in India, shared its consolidated results today under the United States Generally Accepted Accounting Principles (“GAAP”) for the fiscal First Half 2025, six-months ended September 30, 2024.

Fiscal First Half 2025, Six-months ended September 30, 2024, Operating Highlights:

- Megawatts (“MW”) Operating were 3,041 MW, as of September 30, 2024 (including rooftop capacity) and 3,041 MW (including rooftop capacity) as of September 30, 2023. Operational, Contracted & Awarded MW were 4,278 MW, as of September 30, 2024. Contracted & Awarded MW include 967 MW for which we had received Letters of Award (“LOA”) but the Power Purchase Agreements (“PPAs”) had not been signed as of September 30, 2024.
- Operating revenues for the six-months ended September 30, 2024, were INR 10,497 million (US\$ 125.3 million), a decrease of 6% over the six-months ended September 30, 2023.
- Net loss for the six-months ended September 30, 2024, was INR 1,015 million (US\$ 12.0 million) against the net loss of INR 993 million for the six-months ended September 30, 2023. The increase in net loss was primarily due to decrease in operating revenue and increase in interest expense and tax expense partially offset by impairment loss recognised in the previous period, not in the current period, and decrease in legal and professional expense in the current period primarily related to whistle blower and Special Committee investigations.

Key Operating Metrics

Electricity generation excluding rooftop portfolio during the six-months ended September 30, 2024, was 2,995 million kWh a decrease of 127 million kWh or 4%, over the six-months ended September 30, 2023. The decrease in electricity generation was principally a result of higher irradiation losses.

The Plant Load Factor (“PLF”) excluding rooftop portfolio for the six-months ended September 30, 2024, was 23.1% compared to 24.1%, for the same comparable period in 2023, which decreased principally due to higher irradiation losses.

We commissioned 7 MW DC during the six-months ended September 30, 2024, against 17 MW DC during the six-months ended September 30, 2023.

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 solar 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 cumulative 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 solar power plants pursuant to customer PPAs signed, allotted or won in an auction but not commissioned and operational as of the reporting date.

Fiscal First Half 2025, Six-months ended September 30, 2024, Consolidated Financial Results:

Operating Revenues

Operating revenues for the six-months ended September 30, 2024, were INR 10,497 million (US\$ 125.3 million), a decrease of 6% from INR 11,203 million in the six-months ended September 30, 2023. This decrease was mainly on account of lower generation due to higher irradiation losses.

Cost of Operations (Exclusive of Depreciation and Amortization)

Cost of operations for the six-months ended September 30, 2024, increased by 2% to INR 925 million (US\$ 11.0 million) from INR 907 million in the six-months ended September 30, 2023, and remained consistent at 8% - 9% of revenue recognized during the respective periods.

General and Administrative Expenses

General and administrative expenses for the six-months ended September 30, 2024, were INR 2,473 million (US\$ 29.5 million), a decrease of INR 283 million (US\$ 3.4 million) compared to the six-months ended September 30, 2023. The decrease was primarily due to reduction in legal and professional expenses related to whistle blower and Special Committee investigations of INR 485 million (US\$ 5.8 million), reduction in audit fees due to recognition of audit fees of Fiscal 2022 & 2023 in previous period of INR 229 million (US\$ 2.7 million) and lower insurance premium of INR 184 million (US\$ 2.2 million). This was offset by increase in fixed assets written off of INR 412 million (US\$ 4.9 million), increase in payroll cost of INR 86 million (US\$ 1.0 million) and increase in allowance for doubtful receivables of INR 115 million (US\$ 1.4 million). Fixed Assets write off of INR 412 million (US\$ 4.9 million) includes INR 231 million (US\$ 2.8 million) on account of shortage of modules identified during physical verification at SECI-IV (300 MW) project, which may pertain to previous periods. Physical verification of all plants is in progress.

Depreciation and Amortization

Depreciation and amortization during the six-months ended September 30, 2024, increased by INR 28 million (US\$ 0.3 million), or 1%, to INR 2,329 million (US\$ 27.8 million) compared to the six-months ended September 30, 2023.

Impairment Loss/ (Reversal)

We recognized an impairment reversal of INR 30 million (US\$ 0.4 million) during the six-months ended September 30, 2024 on account of restatement of net assets for entities classified as held for sale to Radiance. In comparison, impairment loss of INR 680 million was recognized during the six-months ended September 30, 2023 primarily due to impairment expense of INR 651 million under our wind projects and INR 29 million in relation to our 2 MW Delhi project.

Interest Expense, Net

Net interest expense during the six-months ended September 30, 2024, increased by INR 150 million (US\$ 1.8 million), or 3% compared to the six-months ended September 30, 2023, to INR 5,361 million (US\$ 64.0 million). Net interest expense increased by INR 485 million (US\$ 5.8 million) due to higher interest cost on additional loans, INR 306 million (US\$ 3.7 million) for amortisation of consent fees and upfront cost, INR 216 million (US\$ 2.6 million) for refinancing of SECI 4 debt (prepayment charges and amortisation of upfront cost). This was offset by change in hedge cost amortisation on 3.575% solar green bonds by INR 374 million (US\$ 4.5 million) recognised in previous period, lower interest cost of INR 264 million (US\$ 3.2 million) on account of repayments and reduction in additional interest of INR 207 million (US\$ 2.5 million).

Loss on Foreign Currency Exchange, Net

During the six-months ended September 30, 2024, we have reported a loss of INR 1 million (US\$ 0.0 million) on foreign exchange as compared to a loss of INR 3 million, during the six-months ended September 30, 2023.

Other Income, Net

Other Income (net) primarily consists of income from current investments and other incidental expense. During the six-months ended September 30, 2024, we have reported other income (net) of INR Nil as compared to other income (net) of INR 1 million, during the six-months ended September 30, 2023.

Income Tax Expense

Income tax expense during the six-months ended September 30, 2024, was INR 453 million (US\$ 5.4 million), compared to INR 339 million in the six-months ended September 30, 2023. During the current period, deferred tax expense has been recognised as compared to deferred tax benefit (net) in previous period mainly on account of movement in the carrying amount of certain assets and liabilities and their tax base.

Net Loss

Net loss for the six-months ended September 30, 2024, was INR 1,015 million (US\$ 12.0 million), increase of INR 22 million (US\$ 0.3 million) compared to a net loss of INR 993 million for the six-months ended September 30, 2023. The increase was due to decrease in operating revenue and increase in interest expense and tax expense partially offset by impairment loss recognised in the previous period, not in the current period, and decrease in legal and professional expense in the current period primarily related to whistle blower and Special Committee investigations.

Cash Flow and Working Capital

Cash flow from operating activities for the six-months ended September 30, 2024, was INR 2,411 million (US\$ 28.5 million), compared to INR 3,520 million for the prior comparable period. The cash flow from operating activities during current six-months includes change in working capital impact of INR 993 million (US\$ 11.9 million) primarily due to increase in prepaid expenses and other assets by INR 475 million (US\$ 5.7 million), increase in accounts receivables by INR 35 million (US\$ 0.4 million), decrease in interest payable by INR 181 million (US\$ 2.2 million), decrease in deferred revenue by INR 97 million (US\$ 1.2 million) and other liabilities by INR 559 million (US\$ 6.7 million), offset by increase in accounts payables by INR 349 million (US\$ 4.1 million).

Cash flow from investing activities for the six-months ended September 30, 2024, was INR 30 million (US\$ 0.4 million), compared to cash used of INR 476 million for the corresponding six-months in 2023, primarily due to lower capital expenditures for solar projects in current period and receipt of consideration from Radiance with respect to assets held for sale.

Cash flow from financing activities for the six-months ended September 30, 2024, was INR 25,061 million (US\$ 299.3 million), compared to cash used of INR 3,587 million for the corresponding six-months in 2023, primarily due to proceeds from loan taken from new lender in September 2024 utilised for repayment of 5.65% Green Bonds subsequent to the reporting date.

Liquidity Position

As of September 30, 2024, we had INR 33,457 million (US\$ 399.4 million) of cash and cash equivalents which includes INR 23,700 million (US\$ 283.0 million) received from new lender for the purpose of repayment of 5.65% green bonds. We had undrawn project debt commitments (excluding Rooftop portfolio) of INR 3,347 million (US\$ 40.0 million) as of September 30, 2024.

Other updates

Pursuant to the manufacturing linked tender award of 4,000 MW (the “Manufacturing-Linked Projects”), the Group executed Power Purchase Agreements (“PPAs”) for a capacity of 2,333 MW with Solar Energy Corporation of India (“SECI”), for which SECI executed a Power Sale Agreement with the state of Andhra Pradesh during Fiscal 2022. In respect of these 2,333 MW projects, two Public Interest Litigations (the “PILs”) were filed in the High Court of Andhra Pradesh in Fiscal 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. Based on the economics and uncertainties associated with the PILs and ongoing review by a Special Committee of the Board of Directors of the Company (the “Special Committee”), 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. Since there was a threat by SECI to invoke the Bank Guarantee of INR 1,167 million (US\$13.9 million), the Hon’ble High Court in its order dated October 16, 2023, directed SECI not to take coercive steps against the Group until the next date of hearing. The next hearing is scheduled for December 11, 2024.

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 take action 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 second letter, SECI informed the Group that it was awarding the 2,333 MW projects and associated PPAs to a third-party. The Group has taken a write-off of INR 254 million (US\$ 3.0 million) towards irrecoverable costs and a provision of INR 1,223 million (US\$14.6 million) towards Bank Guarantees in its consolidated financial statements for Fiscal 2023.

Further, its second letter, 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 of solar cells and solar modules by 583 MW. To establish this manufacturing capacity, the Group had executed two manufacturing contracts for 500 MW each with SECI and Azure has given Performance Bank Guarantees (PBG’s) of INR 220 million (US\$ 2.6 million). As there is a risk of invocation of such PBG’s, the Group has filed a petition with Andhra Pradesh High Court and responded to SECI on July 24, 2024. Till date, the Group has received Stay order from the High Court and also no update has been received from SECI in this regard. The next hearing is scheduled for December 11, 2024. Considering this, the Group has not recognised any provision in respect of these PBGs in the books of account.

In light of the ongoing Special Committee review as well as economic and execution challenges, the Group withdrew from the 700 MW projects which were part of the 4,000 MW manufacturing linked tender awarded by SECI in Fiscal 2020. The Group continues discussions with SECI to ensure an orderly withdrawal from the obligations of the Group under the PPAs, Performance Bank Guarantees and other guarantees relating to the 700 MW projects. The Group has recognized a provision of

INR 1,053 million (US\$ 12.6 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.

On November 20, 2024, the United States Attorney's Office for the Eastern District of New York ("DOJ") unsealed an indictment charging two former executives and two former directors with conspiracy to violate the U.S. Foreign Corrupt Practices Act ("FCPA") in connection with the Manufacturing-Linked Projects, and charging one former executive and two former directors with obstructing the U.S. government's investigations.

Additionally, on November 20, 2024, the U.S. Securities and Exchange Commission ("SEC") brought a complaint against a former director for violations of the anti-bribery provisions of the FCPA based on the same conduct. The Company is not a defendant in either action and continues to cooperate with both U.S. agencies. The Group cannot predict the outcome or duration of the DOJ and SEC's investigations.

For additional information on the whistle blower investigations and Special Committee investigation, please refer to Note 27 "Whistle-blower Allegations and Special Committee Investigation" of the Group's consolidated financial statements included in the Company's annual report for the fiscal year ended March 31, 2024.

Mr. Brijesh Mehra was appointed as a non-executive Director of the Company as the nominee of CDPQ Infrastructures Asia Pte Ltd., effective May 08, 2024. Mr. Mehra has also assumed the role of Chairman of the Board of the Company.

Mr. Julian Gratiaen was appointed as a non-executive Director of the Company as the nominee of OMERS Infrastructure Asia Holdings Pte. Ltd, replacing Ms. Delphine Voeltzel, effective July 26, 2024.

Ms. Supriya Prakash Sen, an Independent Non-Executive Director, stepped down from her position effective close of business on September 30, 2024.

Ms. Pratibha Bajaj was appointed as a non-executive Director of the Company as the nominee of CDPQ Infrastructures Asia Pte Ltd., effective October 23, 2024.

Exchange Rates

This press release contains 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 83.76 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 September 30, 2024. We make no representation that the Indian rupee or U.S. dollar amounts referred to in this press release could have been converted into U.S. dollars or Indian rupees, as the case may be, at any particular rate or at all.

About Azure Power Global Limited

Azure is a leading independent renewable power producer in India. Azure developed India's first private utility scale solar project in 2009 and has been at the forefront in the sector as a developer, constructor and operator of utility scale renewable projects since its inception in 2008. With its in-house engineering, procurement and construction expertise and advanced in-house operations and maintenance capability, Azure manages the entire development and operation process, providing low-cost renewable power solutions to customers throughout India.

We," "us," the "Group," the "Company," "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, or AZI, its predecessor and current subsidiaries). Our "Company" refers to Azure Power Global Limited.

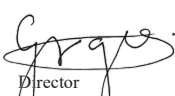
Azure Power Global Limited
Consolidated Balance Sheet
(INR and US\$ amounts in millions, except share and par value data)

Particulars	As of		
	March 31 2024 (INR) (Audited)	September 30 2024 (INR) (Unaudited)	September 30 2024 (USD) (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	7,469	33,457 *	399.4
Restricted cash	8,271	9,593	114.5
Accounts receivable, net	4,623	4,538	54.2
Inventory	13	8	0.1
Prepaid expenses and other current assets	5,127	7,161	85.5
Assets classified as held for sale	2,048	1,705	20.4
Total current assets	27,551	56,462	674.1
Non-current assets:			
Restricted cash	204	255	3.0
Property, plant and equipment, net	1,36,863	1,34,426	1,604.9
Software, net	9	10	0.1
Accounts receivable, net	3,582	3,600	43.0
Deferred income taxes	1,766	1,737	20.7
Right-of-use assets	4,210	4,142	49.5
Other assets	5,295	4,695	56.1
Investments	457	457	5.5
Total non-current assets	1,52,386	1,49,322	1,782.8
Total assets	1,79,937	2,05,784	2,456.9
Liabilities and shareholders' equity			
Current liabilities:			
Short-term debt	10,451	-	-
Accounts payable	1,429	1,810	21.6
Current portion of long-term debt	35,515	36,827	439.7
Income taxes payable	183	77	0.9
Interest payable	1,056	874	10.4
Deferred revenue	313	313	3.7
Lease liabilities	316	318	3.8
Other liabilities	4,563	4,467	53.3
Liabilities directly associated with assets classified as held for sale	1,728	1,700	20.3
Total current liabilities	55,554	46,386	553.7
Non-current liabilities:			
Long-term debt	77,031	1,12,128	1,338.7
Deferred revenue	6,518	6,421	76.7
Deferred income taxes	3,285	3,564	42.6
Asset retirement obligations	1,221	1,276	15.2
Lease liabilities	3,469	3,457	41.3
Other liabilities	73	48	0.6
Total non-current liabilities	91,597	1,26,894	1,515.1
Total liabilities	1,47,151	1,73,280	2,068.8
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 September 30, 2024, respectively	3	3	0.0
Additional paid-in capital	56,741	56,724	677.2
Accumulated deficit	(20,942)	(21,957)	(262.1)
Accumulated other comprehensive loss	(3,583)	(2,833)	(33.8)
Total APGL shareholders' equity	32,219	31,937	381.3
Non controlling interest	567	567	6.8
Total shareholders' equity	32,786	32,504	388.1
Total liabilities and shareholders' equity	1,79,937	2,05,784	2,456.9

*includes INR 23,700 million (US\$ 283.0 million) received from new lender for the purpose of repayment of 5.65% green bonds.

For and on behalf of Azure Power Global Limited


Director
Place: Ebene, Mauritius
Date: 28 Nov 2024


Director
Place: Ebene, Mauritius
Date: 28 Nov 2024

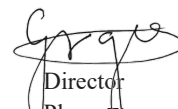
Azure Power Global Limited
Consolidated Statements of Operations
(INR and US\$ amounts in millions, except share data)

	Six months ended		
	September 30 2023 (INR) (Unaudited)	September 30 2024 (INR) (Unaudited)	September 30 2024 (USD) (Unaudited)
Operating revenues:			
Revenue from customers*	11,203	10,497	125.3
Operating costs and expenses:			
Cost of operations (exclusive of depreciation and amortization shown separately below)	907	925	11.0
General and administrative	2,756	2,473	29.5
Depreciation and amortization	2,301	2,329	27.8
Impairment loss/ (reversal)	680	(30)	(0.4)
Total operating cost and expenses	6,644	5,697	67.9
Operating income	4,559	4,800	57.4
Other expense (net):			
Interest expense, net	5,211	5,361	64.0
Loss on foreign currency exchange, net	3	1	0.0
Other income, net	(1)	-	-
Total other expenses, net	5,213	5,362	64.0
Loss before income tax	(654)	(562)	(6.6)
Income tax expense	(339)	(453)	(5.4)
Net loss	(993)	(1,015)	(12.0)
Less: Net loss attributable to non-controlling interest	24	-	-
Net loss attributable to APGL equity shareholders	(1,017)	(1,015)	(12.0)
Earnings per share			
Net loss attributable to APGL equity shareholders			
Basic	(15.85)	(15.82)	(0.19)
Diluted	(15.85)	(15.82)	(0.19)
Shares used in computing basic and diluted per share amounts			
Basic	6,41,66,360	6,41,66,360	6,41,66,360
Diluted	6,41,66,360	6,41,66,360	6,41,66,360

* Revenue from customers is in accordance with ASC 606, includes sale of power, other revenue items related to generation from solar power.

For and on behalf of Azure Power Global Limited


Director
Place: Ebene, Mauritius
Date: 28 Nov 2024

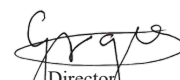

Director
Place: Ebene, Mauritius
Date: 28 Nov 2024

Azure Power Global Limited
Consolidated Statements of Cash Flow
(INR and US\$ amounts in millions)

Particulars	Six months ended		
	September 30 2023 (INR) (Unaudited)	September 30 2024 (INR) (Unaudited)	September 30 2024 (USD) (Unaudited)
<u>Cash flow from operating activities</u>			
Net loss	(993)	(1,015)	(12.0)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred income taxes	(204)	142	1.7
Depreciation and amortization	2,301	2,329	27.8
Impairment loss/ (reversal)	680	(30)	(0.4)
Amortization of derivative instruments	1,190	775	9.3
Loss on disposal of property plant and equipment	66	456	5.4
Share based compensation	(7)	(17)	(0.2)
Amortization of debt financing costs	83	457	5.5
Employee benefits	5	4	0.0
ARO accretion	47	52	0.6
Interest income from investments	(25)	(14)	(0.2)
Non-cash rent expense	58	51	0.6
Allowance for doubtful receivables	52	102	1.2
Loan prepayment charges	-	104	1.2
Foreign exchange loss, net	3	1	0.0
Change in operating lease right-of-use assets	(348)	(173)	(2.1)
Change in operating lease liabilities	340	180	2.1
Operating profit before working capital changes:	3,248	3,404	40.5
Changes in operating assets and liabilities:			
Accounts receivable, net	951	(35)	(0.4)
Inventory	-	5	0.1
Prepaid expenses and other current assets	93	(343)	(4.1)
Other assets	(155)	(132)	(1.6)
Accounts payable	(5)	349	4.1
Interest payable	49	(181)	(2.2)
Deferred revenue	47	(97)	(1.2)
Other liabilities	(708)	(559)	(6.7)
Net cash flow from operating activities [A]	3,520	2,411	28.5
<u>Cash flow from investing activities</u>			
Purchase of property plant and equipment	(472)	(281)	(3.4)
Purchase of software	(4)	(4)	0.0
Proceeds from disposal of subsidiaries	-	315	3.8
Net cash flow (used in)/ from investing activities [B]	(476)	30	0.4
<u>Cash flow from financing activities</u>			
Proceeds from term and other debt	825	28,942	345.5
Repayments of term and other debt	(3,358)	(1,897)	(22.6)
Repayment of green bonds	(1,054)	(1,880)	(22.4)
Loan prepayment charges	-	(104)	(1.2)
Net cash flow (used in)/ from financing activities [C]	(3,587)	25,061	299.3
Net (decrease)/ increase in cash and cash equivalents, and restricted cash [A+B+C]	(543)	27,502	328.2
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(228)	(141)	(1.7)
Cash and cash equivalents and restricted cash at the beginning of the year	20,967	15,944	190.4
Cash and cash equivalents and restricted cash at the end of the period	20,196	43,305	516.9

For and on behalf of Azure Power Global Limited


Director
Place: ~~Ebene~~, Mauritius
Date: 28 Nov 2024


Director
Place: ~~Ebene~~, Mauritius
Date: 28 Nov 2024