Azure Power
Restricted Group III Special Purpose
Combined Financial Statements
For the year ended
March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Report on Special Purpose Combined Financial Statements of Restricted Group-III

To the Board of Directors of Azure Power Energy Limited ("APEL")

Qualified Opinion

We have audited the special purpose combined financial statements of Restricted Group which consist of Azure Power Energy Limited ("the Company"), a wholly owned subsidiary of Azure Power Global Limited ("the Parent Company") and certain identified entities under the common control of the Parent Company as listed in Note no. 1 to the special purpose combined financial statements (collectively known as "the Restricted Group-III" or "Restricted Group" or "the RG-III"), which comprise the combined balance sheet as at March 31, 2025, the combined statement of profit and loss including other comprehensive income, the combined cash flow statement and the combined statement of changes in equity for the year ended March 31, 2025 and a summary of the material accounting policies and other explanatory information (together hereinafter referred to as "special purpose combined financial statements"). These special purpose combined financial statements have been prepared in accordance with the basis of preparation as set out in Note no. 3 to the special purpose combined financial statements.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the special purpose combined financial statements of the RG-III for the year ended March 31, 2025 are prepared in all material respects, in accordance with the basis of preparation described in Note no. 3 to these special purpose combined financial statements.

Basis for Qualified Opinion

Refer Note no. 42 of the accompanying special purpose combined financial statements, the Parent Company, Azure Power India Private Limited (the subsidiary of the Parent Company) and some entities under common control of the Parent Company (collectively referred to as the 'Group'), had received several complaints via the Group's common whistleblower mechanism during the earlier years. In response to such whistle blower complaints, the Board of Directors and Audit and Risk Committee of the Parent Company appointed external legal counsels to conduct investigations into the significant issues highlighted in the said complaints. These issues include, but are not limited to, lapses in key control areas, governance issues, assets capitalization date and problems with vendor management.

A special committee was constituted by the Board of Directors of the Parent Company ('the Special Committee'), to review certain material projects and contracts for anti-corruption and related compliance issues. Independent external counsels and forensic advisors were engaged to support the Special Committee. The Special Committee has substantially completed its review.

As a result of above, the Group 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 are continuing on those matters. We are informed that any potential liability or penalty from authorities cannot be assessed at this stage.

In respect of the above matter, we are unable to comment whether the outcome will result in possible adjustments and/or disclosures to the special purpose combined financial statements, and the status of compliance with the applicable laws and regulations, if any.

The above matter was also subject matter of qualification in the previous year's report on special purpose combined financial statements.

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We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements section of our report. We are independent of the RG-III 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 special purpose combined financial statements, 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 qualified opinion.

Emphasis of Matter

1. We draw attention to the Note no. 2 and 3 of the accompanying special purpose combined financial statements, which describes that the RG-III has not formed a separate legal group of entities during the year ended March 31, 2025, which also describes the basis of preparation, including the approach to and the purpose for preparing them. Consequently, the RG-III's special purpose combined financial statements may not necessarily be indicative of the financial performance and financial position of the RG-III that would have been presented has consolidated financial statements been prepared for the RG-III. The special purpose combined financial statements have been prepared solely to comply with financial reporting requirements under the indenture governing the Senior Notes. As a result, the special purpose combined financial statements may not be suitable for any other purpose.

2. We draw attention to Note no. 47 of the financial statements, which describes a legal case decided in the one of the RG-III entity's favour. Pursuant to the outcome, the group has recognized the Revenue of INR 247 million on account of tariff difference, Late Payment Surcharge of INR 855 million and reversed specific expected credit loss earlier recognized of INR 325 million.

Our Opinion is not modified in respect of the above matters.

Responsibilities of Management and Those Charged with Governance for the special purpose combined financial statements.

The Management is responsible for the preparation of these special purpose combined financial statements in accordance with the basis of preparation as set out in Note no. 3 to the special purpose combined financial statements and for such internal controls as the management determines is necessary to enable the preparation of special purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose combined financial statements, the management is responsible for assessing the RG-III '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 the management either intends to liquidate the RG-III or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the RG-III 's financial reporting process.

Auditor's Responsibilities for the Audit of the special purpose combined financial statements.

Our objectives are to obtain reasonable assurance about whether the special purpose combined 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose combined 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

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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, but not for the purpose of expressing an opinion on the effectiveness of the RG-III 's internal controls.

- 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 RG-III '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 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 RG-III to cease to continue as a going concern.

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.

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

ASA & Associates LLP Chartered Accountants

K Nithyananda Kamath
Partner
Membership No. 027972

UDIN: 25027972BMKOVO9664

Place: Kochi
Date: July 30, 2025

Restricted Group- III
Special purpose combined balance sheet as at March 31, 2025
(All amount in INR millions, unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
Property, plant and equipment	5	26,378	27,538
Right-of-use assets	31	823	855
Capital work-in-progress	5	52	1
Financial assets	6		
- Trade receivables	6.1	4	40
- Loans	6.2	8,336	262
- Other financial assets	6.3	728	2,049
Deferred tax assets (net)	19.2	276	183
Income tax assets (net)	7	261	159
Other non-current assets	8	304	563
Total non-current assets		**37,162**	31,650
Current assets			
Inventories	9	1	1
Financial assets	10		
- Trade receivables	10.1	3,075	2,429
- Cash and cash equivalents	10.2	409	373
- Other bank balances	10.3	648	1,960
- Loans	10.4	43	7,158
- Other financial assets	10.5	5,276	1,584
Other current assets	11	73	74
Total current assets		**9,525**	13,579
Total assets		**46,687**	45,229
Equity and liabilities			
Equity			
Equity share capital	12.1	113	113
Other equity	12.2	14,833	11,209
Total equity		**14,946**	11,322
Non-current liabilities			
Financial liabilities	13		
- Borrowings	13.1	22,632	24,282
- Lease liabilities	31	966	948
- Other financial liabilities	13.2	10	-
Provisions	14.1	107	98
Deferred tax liabilities (net)	19.1	1,149	1,999
Other non-current liabilities	15	2,016	2,173
Total non-current liabilities		**26,880**	29,500
Current liabilities			
Financial liabilities	16		
- Borrowings	16.1	2,403	3,042
- Lease liabilities	31	69	65
- Trade payables			
Total outstanding dues of micro and small enterprises	16.2	52	31
Total outstanding dues of creditors other than micro and small enterprises	16.2	316	409
- Other financial liabilities	16.3	1,663	620
Other current liabilities	17	159	130
Provisions	14.2	8	6
Current tax liabilities (net)	18	191	104
Total current liabilities		**4,861**	4,407
Total liabilities		**31,741**	33,907
Total equity and liabilities		**46,687**	45,229
See accompanying notes to the financial statements	4-47		

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

ASA & Associates LLP Chartered Accountants

For and on behalf of Restricted Group

Jean Eric Warren Bignoux
As Alternate to Muhammad Khalid Peyrye
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Gowtamsingh Dabee
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Restricted Group- III

Special purpose combined statement of profit and loss for the year ended March 31, 2025

(All amount in INR millions, unless otherwise stated)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue			
Revenue from operations	20	5,774	6,023
Other income	21.2	1,446	173
Total revenue (I)		**7,220**	6,196
Expenses			
Employee benefits expense	22	75	69
Other expenses	25	1,135	755
Total expenses (II)		**1,210**	824
Earnings before interest, tax and depreciation (EBITDA) (I)-(II) (A)		**6,010**	5,372
Depreciation expense- (B)	23	1,033	1,039
Interest income- (C)	21.1	962	958
Finance costs- (D)	24	2,257	2,579
Profit before tax (A-B+C-D)		**3,682**	2,712
Tax expense:			
Current tax expense	19	739	666
Income tax adjustment pertaining to earlier years	19	(30)	20
Deferred tax (benefit)/ charge	19	(1,169)	248
Total tax (benefit)/expense		**(460)**	934
Profit after tax		**4,142**	1,778
Other comprehensive income			
Items that will be reclassified to profit or loss			
Effective portion of cash flow hedge		1,505	340
Income tax effect	19	(226)	(51)
		1,279	289
Exchange differences on translating the financial statements of foreign entities		(708)	(27)
Other comprehensive income		**571**	262
Total comprehensive income		**4,713**	2,040
See accompanying notes to the financial statements	4-47		

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ASA & Associates LLP
Chartered Accountants

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As Alternate to Muhammad Khalid Peyrye
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Gowtamsingh Dabee
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Restricted Group- III
Special purpose combined statement of cash flows for the year ended March 31, 2025
(All amount in INR millions, unless otherwise stated)

	Particulars		For the year ended March 31, 2025	For the year ended March 31, 2024
A	**Cash flow from operating activities**			
	Profit before tax		**3,682**	2,712
	Adjustment to reconcile profit before tax to net cash flow			
	Depreciation and amortisation expense		1,033	1,039
	Interest income		(962)	(958)
	Late Payment Surcharge (refer note 47)		(854)	-
	Exchange difference (net)		-	1
	Deferred revenue		44	(88)
	Insurance claim received		(123)	(4)
	Balance written off		-	1
	Reversal of expected credit loss (net)		(309)	78
	Advance written off		3	2
	Asset written off		96	27
	Inter-company loan written off (including interest accrued)		339	-
	Loss on disposal of property, plant and equipment (net)		47	-
	Provision for doubtful loans and interest		18	-
	Provisions / liabilities no longer required written back		(65)	(52)
	Viability Gap funding income		(102)	(81)
	Amortisation of liquidated damages		9	(6)
	Finance cost		2,257	2,579
	Operating profit before working capital changes		**5,113**	**5,250**
	Movements in working capital			
	(Increase)/ decrease in trade receivables		(288)	798
	(Increase)/ decrease in other current/non-current financial assets		(62)	34
	Decrease in Security deposit		2	-
	Decrease in other current assets		6	8
	Decrease in other non-current assets		4	4
	(Decrease)/ increase in trade payables		(9)	248
	Increase/ (decrease) in other current financial liabilities		5	(32)
	(Decrease)/ increase in other current and non-current liabilities		(66)	43
	Increase/ (Decrease) in non-current provisions		1	(39)
	Cash generated from operations		**4,706**	6,314
	Income tax paid (net of refunds)		(724)	(835)
	Net cash from operating activities	**(A)**	**3,982**	5,479
B	**Cash flow from investing activities**			
	Purchase of Property, plant and equipment (including capital work in progress, capital advance and capital creditors)		(2)	(24)
	Interest received		268	297
	Net proceeds from bank deposits (having the original maturity of more than three months)		1,311	67
	Loans given to parent company/ holding company/fellow subsidiaries		(73)	(728)
	Proceeds from repayment of loans given to parent compant/ holding company/fellow subsidiaries		334	130
	Net cash from/ (used in) investing activities	**(B)**	**1,838**	(258)
C	**Cash flow from financing activities**			
	Repayment of Green bonds		(3,128)	(3,227)
	Repayment of borrowing taken from holding company/fellow subsidiaries		(50)	(10)
	Payment for hedging arrangements		(448)	(693)
	Payment of lease liabilities		(75)	(66)
	Dividend paid		(1,089)	-
	Payment of ancillary cost of borrowing		-	(296)
	Interest paid		(1,010)	(1,195)
	Net cash used in financing activities	**(C)**	**(5,800)**	(5,487)
	Net increase/ (decrease) in cash and cash equivalents	**(A+B+C)**	**20**	(266)
	Effect of exchange rate changes on cash and cash equivalents	**(D)**	16	3
	Net increase/ (decrease) in cash and cash equivalents	**(A+B+C+D)**	**36**	(263)
	Cash and cash equivalents at the beginning of the year		373	636
	Cash and cash equivalents at the end of the year		**409**	373
	Components of cash and cash equivalents (refer note 10.2)			
	Balances with schedule banks			
	- In current accounts		319	308
	- Deposits with original maturity of less than 3 months		90	65
	Total cash and cash equivalents		**409**	373

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Restricted Group- III
Special purpose combined statement of cash flows for the year ended March 31, 2025
(All amount in INR millions, unless otherwise stated)

Change in liabilities arising from financing activities

Particulars	**Opening balance as at April 01, 2024**	**Cash flow (net)**	**Change in foreign exchange rate**	**Other changes***	**Closing balance as at March 31, 2025**
Non current borrowings (including current maturities)	27,164	(3,128)	684	315	25,035
Current borrowings	160	(50)	-	(110)	-
Lease liabilities	1,013	(75)	-	97	1,035
Total liabilities from financing activities	**28,337**	**(3,253)**	**684**	**302**	**26,070**

Particulars	Opening balance as at April 01, 2023	Cash flow (net)	Change in foreign exchange rate	Other changes*	Closing balance as at March 31, 2024
Non current borrowings (including current maturities)	30,247	(3,227)	293	(149)	27,164
Current borrowings	170	(10)	-	-	160
Lease liabilities	985	(66)	-	94	1,013
Total liabilities from financing activities	31,402	(3,303)	293	(55)	28,337

*Including adjustments of ancillary borrowing cost, interest on lease liabilty and classification of borrowing from current to non current

See accompanying notes to the financial statements 4-47

Notes:

1 The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) on "Statement of Cash Flows" referred to Section 133 of Companies Act 2013

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

ASA & Associates LLP
Chartered Accountants

For and on behalf of Restricted Group

Jean Eric Warren Bignoux
As Alternate to
Muhammad Khalid Peyrye
Director
Place Ebene, Mauritius
Date July 30, 2025

Gowtamsingh Dabee
Director
Place Ebene, Mauritius
Date July 30, 2025

Restricted Group- III
Special purpose combined statement of changes in equity for the year ended March 31, 2025
(All amount in INR millions, unless otherwise stated)

(a) Statement of changes in equity*

Shares (Aggregate of Restricted Group of entities):	Number of shares	Amount
For the Year ended March 31, 2025		
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 01, 2024	1,12,54,112	113
Changes in equity share capital during the year	-	-
At March 31, 2025	**1,12,54,112**	**113**
For the Year ended March 31, 2024		
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 01, 2023	1,12,54,112	113
Changes in equity share capital during the year	-	-
At March 31, 2024	1,12,54,112	113

* Share capital represents the aggregate amount of share capital of identified subsidiaries of the Restricted Group as at the respective period and does not necessarily represent legal share capital for the purpose of the Restricted Group.

(b) Other equity**

For the year ended March 31, 2025:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures***	Items of Other Comprehensive Income (OCI)			Total equity
	Surplus/ (deficit) in the statement of profit and loss	Securities premium reserve#		Exchange differences on translating the financial statements of foreign entities	Defined benefit plans (Refer note 38)	Effective portion of cash flow hedges (Refer note 33)	
At April 1, 2024	2,383	9,960	1,120	(3,608)	1	1,353	**11,209**
Profit for the year	4,142	-	-	-	-	-	**4,142**
Dividend paid	(1,089)	-	-	-	-	-	**(1,089)**
Other comprehensive income/(loss)	-	-	-	(708)	-	1,279	**571**
At March 31, 2025	**5,436**	**9,960**	**1,120**	**(4,316)**	**1**	**2,632**	**14,833**

For the year ended March 31, 2024:

Particulars	Reserves and surplus		Equity component of Compulsorily Convertible Debentures***	Items of Other Comprehensive Income (OCI)			Total equity
	Surplus/(deficit) in the statement of profit and loss	Securities premium reserve#		Exchange differences on translating the financial statements of foreign entities	Defined benefit plans (Refer note 38)	Effective portion of cash flow hedges (Refer note 33)	
At April 01, 2023	605	9,960	1,120	(3,581)	1	1,064	9,169
Profit for the year	1,778	-	-	-	-	-	1,778
Other comprehensive income/(loss)	-	-	-	(27)	-	289	262
At March 31, 2024	2,383	9,960	1,120	(3,608)	1	1,353	11,209

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

*** CCDs were issued to Azure Power India Private Limited, Azure Power Makemake Private Ltd and Haeron Power Singapore Pte Limited with coupon rate of 0% and convertible into equivalent number of equity shares.

Securities premium reserve includes INR 1,116 million on account of equity component of compulsorily convertible debentures.

See accompanying notes to the financial statements 4-47

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

ASA & Associates LLP
Chartered Accountants

For and on behalf of Restricted Group

Jean Eric Warren Bignoux
As Alternate to Muhammad Khalid Peyrye
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Gowtamsingh Dabee
Director
Place : Ebene, Mauritius
Date : July 30, 2025

(INR amount in millions, unless otherwise stated)

1. General Information

Azure Power Energy Limited ("APEL" or "the Company") was incorporated on June 15, 2017 as a public company limited by shares incorporated under laws of Mauritius. The Company is a wholly-owned subsidiary of Azure Power Global Limited (the "Parent") and has its registered office at C/o. AAA Global Services Ltd.. 4th Floor, Iconebene, Rue De L'institut, Ebène 80817, Republic of Mauritius. The Company and certain subsidiaries of Azure Power India Private Limited (APIPL), collectively "The Restricted Group Entities" and "Restricted Entity" individually (as listed below) carry out business activities relating to generation of electricity through renewable energy sources engaged in the ownership, maintenance and management of solar power plants and generation of solar energy based on long-term contracts (power purchase agreements or "PPA") with Indian government entities as well as other non-governmental energy distribution companies and commercial customers. APEL is duly registered as Foreign Portfolio Investor Entity with the Securities Exchange Board of India for investing in debt instruments in India on July 7, 2017.

APEL and 16 Indian subsidiaries (as listed below) of Azure Power Global Limited (APGL) form part of "Restricted Group - III". During the year ended March 31, 2018, the Company had issued US$ Senior Notes to institutional investors and is listed on Singapore Exchange Securities Trading Limited (SGX-ST). APEL invested the proceeds, net of issue expenses in Non-Convertible Debentures ("NCDs") and External commercial borrowings ("ECBs") to replace existing Rupee and external debt of Restricted Group entities. Restricted entities are directly or indirectly under common control of the parent company. APEL and restricted entities have been considered as "Restricted Group" for the purpose of financial reporting.

During the financial year 2021-22, the Company had issued Solar Green bonds (the "Bonds") of US $414 Million, at coupon of 3.575% maturing in 2026. The proceeds from these bonds were used to repay the existing 5.50% US$ 500 Million Solar Green Bonds issued in 2017. The Bonds has a tenor of 5 years with amortisation and waterfall structures and is a leverage-positive transaction for the Group.

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

Entities	Principal Activity	Country of Incorporation	% Held by Parent	
			March 31, 2025	March 31, 2024
Azure Power Energy Limited	Bond issuance	Mauritius	100%	100%
Azure Power (Punjab) Private Limited	Generation of Solar power	India	100%	100%
Azure Power (Haryana) Private Limited	Generation of Solar power	India	99.17%	99.17%
Azure Urja Private Limited	Generation of Solar power	India	100%	100%
Azure Surya Private Limited	Generation of Solar power	India	100%	100%
Azure Power (Karnataka) Private Limited	Generation of Solar power	India	100%	100%
Azure Photovoltaic Private Limited	Generation of Solar power	India	100%	100%
Azure Power Infrastructure Private Limited	Generation of Solar power	India	100%	100%
Azure Power (Raj.) Private Limited	Generation of Solar power	India	100%	100%
Azure Green Tech Private Limited	Generation of Solar power	India	100%	100%

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(INR amount in millions, unless otherwise stated)

Entities	Principal Activity	Country of Incorporation	% Held by Parent	
			March 31, 2025	March 31, 2024
Azure Clean Energy Private Limited	Generation of Solar power	India	100%	100%
Azure Sunrise Private Limited	Generation of Solar power	India	100%	100%
Azure Sunshine Private Limited	Generation of Solar power	India	100%	100%
Azure Power Eris Private Limited	Generation of Solar power	India	100%	100%
Azure Power Mars Private Limited	Generation of Solar power	India	100%	100%
Azure Power Pluto Private Limited	Generation of Solar power	India	100%	100%
Azure Power Thirty Seven Private Limited	Generation of Solar power	India	99.84%	99.84%

2. Purpose of the special purpose combined financial statements

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

3. Basis of preparation

The indenture governing the US$ Senior Notes requires Restricted Group to prepare Ind AS combined financial statements of the Restricted Group for the purpose of submission to the bond holders. The Ind AS combined financial statements of the Restricted Group have been prepared in accordance with recognition and measurement principles laid down by the Indian Accounting Standards (Ind AS) (except Ind AS – 33 on Earnings Per Share) prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto and other accounting principles generally accepted in India and the guidance note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accountants of India (ICAI).

Management of the Company has prepared the Special Purpose Combined Financial Statements, which comprise the Combined Balance Sheet as at March 31, 2025, the Combined Statement of Profit and Loss including other comprehensive income, Combined Statement of Cash Flows and Combined Statement of Changes in Equity for the year ended March 31, 2025, a summary of the material accounting policies and other explanatory information.

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

The Ind AS combined financial statements have been prepared on the accrual and going concern basis and the historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount;

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

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

The non-controlling interest held by outsiders amount to INR 7 million and INR 5 million as of March 2025 and March 2024 respectively. Share capital and reserves disclosed in the combined financial statements is not the legal capital and reserves of the Restricted Group and is the aggregation of the share capital and reserves of the individual combining entities. Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

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

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

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

Transactions that have taken place with the Unrestricted Group (i.e. other entities which are a part of the Group[1] and not included in the Restricted Group of entities) have been disclosed in accordance of Ind AS 24. *Related Party Disclosures*.

The preparation of financial information in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Restricted Group's accounting policies.

4. Summary of material accounting policies

a) Current versus non-current classification

The Restricted Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when it is:
- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

[1] Group means parent and its subsidiaries

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(INR amount in millions, unless otherwise stated)

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation/settlement in cash and cash equivalents. The companies have identified twelve months as their operating cycle for classification of their current assets and liabilities.

b) Property, Plant and equipment

Capital work-in-progress, property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Restricted Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 39 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The Restricted Group considers the cost of the replacement as the cost of the replaced part, when it was acquired or constructed, in case it is not practicable to determine the separate cost of the component of asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Depreciation

Based on legal opinion obtained, management is of the view that application of CERC and/or SERC rates for the purpose of accounting of depreciation expense is not mandatory. Hence, Restricted Group is depreciating the assets based on technical assessment made by technical expert and management estimate.

Depreciation on property plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. Considering the applicability of Schedule II of the Companies Act, 2013, the management has re-estimated useful lives and residual value of all of its property plant and equipment during the year ended March 31, 2022.

The management believes that depreciation rates currently used fairly reflects its estimate of the useful lives and residual value of the Property plant and equipment, though these rates in following cases are different from lives prescribed under Schedule II of the Companies Act, 2013 based upon the nature of asset, the operating condition of the asset, the estimated usage of the asset, past history of replacement and anticipated technological changes.

Category	Life as per Schedule II	Life considered
Furniture and fittings	10 years	5 years
Inverter	25 years	25 years
Buildings	30 years	35 years
Vehicles	8/10 years	5 years
Office equipment	5 years	1-5 years

During the earlier year, the Restricted Group-III entities basis the technical assessment, have revised the useful lives of solar power project assets i.e., plant and machinery (excluding inverter) and building from 25 years to 35 years. These changes have

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been considered as change in accounting estimate as per Ind AS 8 (Accounting policies, change in accounting estimates and errors) and have been accounted for prospectively with effect from April 1, 2021.

The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Assets individually costing less than INR 5,000 are fully depreciated in the year of acquisition.

The assets' residual values of not more than 10% of the original cost of the asset and useful lives are reviewed at each financial year end or whenever there are indicators for impairment and adjusted prospectively.

d) Capital work in progress ("CWIP")

Capital work-in-progress includes cost of items of property, plant and equipment that are not ready for use at the balance sheet date.

e) Leases

The Restricted Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the respective companies under the Restricted Group are lessees

The Restricted Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Restricted Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use assets

The Restricted Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Restricted Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Restricted Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Restricted Group and payments of penalties for terminating the lease, if the lease term reflects the Restricted Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Restricted Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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iii) Short term leases and leases of low-value assets

The Restricted Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing cost includes interest and amortisation of ancillary cost incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the borrowing cost.

Hedging cost paid relates to borrowing of the group accordingly has been considered as part of finance cost.

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through Profit & Loss (FVTPL)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. The category applies to the Restricted Group's trade receivables, unbilled revenue, other bank balances, security deposits etc.

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Debt instrument at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Restricted Group recognizes interest income, impairment losses and reversals in the statement of profit and loss and in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at fair value through profit and loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Restricted Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instrument included within FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Restricted Group's balance sheet) when:
a) The contractual rights to receive cash flows from the asset have expired, or
b) The Restricted Group has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Restricted Group has transferred substantially all the risks and rewards of the asset, or (b) the Restricted Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Restricted Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Restricted Group continues to recognize the asset to the extent of the Restricted Group's continuing involvement in the asset. In that case, the Restricted Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Restricted Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Restricted Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Restricted Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
- Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, trade receivables and bank balances
- Financial asset that are debt instruments and are measured as at FVTOCI

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- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Restricted Group follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

The application of simplified approach does not require the Restricted Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Restricted Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that is possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Restricted Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Restricted Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) is recognized during the period as expense/ income in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for financial instruments is described below:

For financial assets measured at amortised cost: ECL is presented as an allowance i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Restricted Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Restricted Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of the directly attributable transaction costs.

The Restricted Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdraft and derivative financial instruments.

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Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Restricted Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Restricted Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Reclassification of financial assets and financial liabilities

The Restricted Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Restricted Group senior management determines change in the business model as a result of external or internal changes which are significant to the Restricted Group's operation. Such changes are evident to external parties. A change in the business model occurs when the Restricted Group either or ceases to perform an activity that is significant to its operations. If the Restricted Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediate next reporting period following the change in the business model. The Restricted Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Compulsory Convertible Debentures

Convertible debentures are separated into liability and equity components, where applicable based on the terms of the contract.

On issuance of the convertible debenture, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

'he remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, where applicable based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

h) Derivative financial instruments and hedge accounting

In the normal course of business, the Restricted 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 Restricted Group's policy and are with counterparties that are highly rated financial institutions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss except for effective portion of cash flow hedges.

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At the inception of a hedge relationship, the Restricted Group formally designates and documents the hedge relationship to which the Restricted Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Restricted Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Restricted Group evaluates hedge effectiveness of cash flow hedges at the time a contract is entered into as well as on an ongoing basis. The ineffective portion of cash flow hedge is recorded as expense in statement of profit and loss. The cost of effective portion of cash flow hedges is expensed over the period of the hedge contract.

Undesignated contracts

Changes in fair value of undesignated derivative contracts are reported directly in statement of profit and loss along with the corresponding transaction gains and losses on the items being economically hedged. The Restricted 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 Restricted Group's U.S. dollar denominated borrowings. The Restricted 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 foreign exchange gains (losses), net in the statements of profit and loss. These derivatives are not held for speculative or trading purposes.

The Restricted Group does not have any net investment in a foreign operation.

i) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Restricted Group expects to be entitled in exchange for those goods or services. The Restricted Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Application of interpretation for Service Concession Arrangements (SCA)

The Management has assessed applicability of Appendix C of Indian Accounting Standards 115: Service Concession Arrangements for the power purchase agreement which the Restricted Group has entered into. In assessing the applicability of SCA, the management has exercised significant judgement in relation to the underlying ownership of the assets, the attached risks and rewards of ownership, residual interest and the fact that secondary lease periods are not at nominal lease rentals etc. in concluding that the arrangements don't meet the criteria for recognition as service concession arrangements.

Sale of power

Revenue from sale of power is recognized when persuasive evidence of an arrangement exists, the fee is fixed or is determinable, solar energy kilowatts are supplied and collectability is reasonably assured. Revenue is based on the solar energy kilowatts actually supplied to customers (including the solar energy kilowatts supplied and not billed on reporting date) multiplied by the rate per kilo-watt hour agreed to in the respective PPAs. The solar energy kilowatts supplied by the Restricted Group are validated by the customer prior to billing and recognition of revenue.

The Restricted Group entities considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of power, the Group considers the effects of variable consideration and consideration payable to the customer (if any).

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Further, revenue from the recovery of Safe-guard duties and Goods and Service Tax under the change in law provision are recognized over the PPA period based on terms agreed with customers or unless agreed otherwise.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Restricted Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

Income from carbon credit emission

Revenue from the sale of carbon credit emissions are recognized at the time of transfer of carbon credits to the customers, at consideration agreed under the sale agreements.

Rebates

In some Power Purchase Agreements (PPAs), the Restricted Group provide rebates on invoice if payment is made before the due date. Rebates are offset against consideration payable by the customers. To estimate the variable consideration for the expected future rebate, the Group applies the most likely method.

Contract assets

A contract asset is initially recognised for revenue earned for its right to consideration in exchange for goods or services transferred to the customer. If the entities forming part of Restricted Group perform by transferring goods or services to a customer before the customer pays consideration or before acceptance by the customer, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the entities forming part of Restricted Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entities forming part of Restricted Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the entities forming part of Restricted Group performs under the contract.

Trade receivables

A receivable represents the right of entities forming part of Restricted Group to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (g) Financial instruments – initial recognition and subsequent measurement

j) Government grants

Government grants are recognised at the fair value where there is a reasonable assurance that the grant will be received and the Restricted Group will comply all with all attached conditions.

Government grant relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the cost that they are intended to compensate and presented within other operating income.

Government grant relating to purchase of property, plant and equipment are included in non- current liabilities as deferred government grant and are credited to statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

The Company considers Viability Gap Funding (VGF) as government grant and records the proceeds received from VGF on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized in the statement of profit and loss in proportion to the actual sale of solar energy kilowatts during the period to the total estimated sale of solar energy kilowatts during the tenure of the applicable power purchase agreement pursuant to the revenue recognition policy.

k) Foreign currencies

The functional currency of APEL is the United States Dollar ("US$") and presentation currency for special purpose combined financial statement of Restricted Group is Indian rupees ("INR"). The Restricted Group entities with operations in India use INR as the functional currency. The financial statements of APEL 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 income or loss as a component of other equity.

Functional currency is the currency of the primary economic environment in which a respective entity under Restricted Group operates and is normally the currency in which the respective entity under the Restricted Group primarily generates and expends cash.

Transactions in foreign currencies are initially recorded by the Restricted Entities at the functional currency spot rates at the date the transaction first qualifies for recognition

Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or statement of profit and loss are also recognized in other comprehensive income or statement of profit and loss, respectively).

l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Restricted Group has no obligation, other than the contribution payable to the provident fund. The Restricted Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. The costs of providing benefits under the scheme are determined on the basis of actuarial valuation at each year-end using the projected unit credit method. The actuarial valuation is carried out for the plan using the projected unit credit method.

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The Restricted Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Restricted Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability. The Restricted Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Restricted Group recognizes termination benefit as a liability and an expense when the Restricted Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

The interest is calculated by applying the discount rate to the net defined benefit liability. The Restricted Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

m) Income taxes

Tax expense represents the sum of current tax and deferred tax of Restricted Group entities.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities by each entity in Restricted Group. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Restricted Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred Tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credits and unused tax loss, subject to exceptions as below:

- deferred income tax is not recognised on the initial recognition (including MAT) of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates applicable on Restricted Group that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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The carrying amount of deferred tax assets (including MAT credit available) of Restricted Group is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities of respective entities under Restricted Group are offset when they relate to income taxes levied by the same taxation authority and the entities intend to settle their current tax assets and liabilities on a net basis.

In the situations where one or more entities in the Restricted Group are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax
Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entities forming part of the Restricted Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the entities forming part of the Restricted Group.

n) Segment reporting

An operating segment is a component of the Restricted Group entities' that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the respective Restricted Group entities' chief operating decision maker(s) to make decisions about resources to be allocated to the segments and assess their performance. The Parent's chief executive officer is the chief operating decision maker.

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

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o) Provisions

General

Provisions are recognized when the Restricted Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Restricted Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Decommissioning liability

Upon the expiration of the lease agreement for solar power plants located on leasehold land, the Restricted Group is required to remove the solar power plant and restore the land. The Restricted Group records a provision for such decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

p) Impairment of non-financial assets

The Restricted Group, at each reporting date, assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Restricted Group estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount and the asset is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Restricted Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Restricted Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Restricted Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Contingent assets/liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Restricted Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Restricted Group does not recognize a contingent liability but discloses its existence in the financial statements.

r) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Restricted Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Restricted Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Restricted Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Restricted Group determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

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External valuers are involved for valuation of significant assets and liabilities. if any. At each reporting date. the Restricted Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Restricted Group's accounting policies.

For the purpose of fair value disclosures. the Restricted Group has determined classes of assets and liabilities on the basis of the nature. characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the notes 34 and 35.

s) Cash and cash equivalents

Cash and cash equivalents in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. which are subject to an insignificant risk of changes in value.

For the purpose of the combined statement of cash flows. cash and cash equivalents consist of cash and short-term deposits. as defined above.

t) Inventory

Carbon emission rights (CERs) received on registered projects are recorded as inventory. 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.

u) Events occurring after the balance sheet date

Impact of events occurring after the balance sheet date that provide additional information materially effecting the determination of the amounts relating to conditions existing at the balance sheet date are adjusted to respective assets and liabilities.

The Restricted Group does not adjust the amounts recognised in its combined financial statements to reflect non-adjusting events after the reporting period.

The Restricted Group makes disclosures in the combined financial statements in cases of significant events.

v) Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented. the opening balances of assets. liabilities and equity for the earliest period presented, are restated.

w) Measurement of EBITDA

The Restricted Group has elected to present earnings before interest. tax and depreciation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Restricted Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement. the Restricted Group does not include interest income. depreciation expense. finance cost and tax expense.

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x) Changes in accounting policy and disclosures

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. The MCA has not notified any new standards or amendments to the existing standards applicable to the Company as on April 01, 2024.

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(All amount in INR millions, unless otherwise stated)

5. Property, plant and equipment

	Freehold land	Plant and machinery*	Vehicles	Office equipment	Building	Computer	Total	Capital work in progress
Gross carrying amount								
At April 01, 2023	1,184	37,289	2	3	2,635	4	41,117	1
Additions	20	3	-	-	1	1	25	3
Disposals/ Adjustments	-	(44)	-	-	-	-	(44)	(3)
At March 31, 2024	**1,204**	**37,248**	**2**	**3**	**2,636**	**5**	**41,098**	**1**
Additions	-	40	-	-	3	-	43	94
Disposals/ Adjustments	(3)	(318)	-	-	(13)	(1)	(335)	(43)
At March 31, 2025	**1,201**	**36,970**	**2**	**3**	**2,626**	**4**	**40,806**	**52**
Accumulated depreciation								
At April 01, 2023	-	11,926	-	1	640	2	12,569	-
Charge for the year	-	934	-	1	72	-	1,007	-
Disposals/ Adjustments	-	(16)	-	-	-	-	(16)	-
At March 31, 2024	**-**	**12,844**	**-**	**2**	**712**	**2**	**13,560**	**-**
Charge for the year	-	930	1	1	68	1	1,001	-
Disposals/ Adjustments	-	(129)	-	-	(3)	(1)	(133)	-
At March 31, 2025	**-**	**13,645**	**1**	**3**	**777**	**2**	**14,428**	**-**
Net Block								
At March 31, 2024	1,204	24,404	2	1	1,924	3	27,538	1
At March 31, 2025	**1,201**	**23,325**	**1**	**-**	**1,849**	**2**	**26,378**	**52**

(i) Property, plant and equipment are pledged as collateral against borrowing, the details related to which is described in note 13 1 on borrowings

* During the current year ended March 31, 2025, the Restricted Group entities have conducted physical verifications of its property, plant and equipment 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 Restricted Group entities had written down plant and machinery (net) amounting to INR 63 millions

Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2025	**Amount in CWIP for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	52	-	-	-	52
Total	**52**	**-**	**-**	**-**	**52**

As at March 31, 2024	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1	-	-	-	1
Total	1	-	-	-	1

As at March 31, 2025 and March 31, 2024, there are no CWIP whose completion is overdue or has exceeded its cost compared to original plan

(All amount in INR millions, unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024

6. Non-current financial assets
(Carried at amortised cost, unless stated otherwise)

6.1 Trade receivables

Trade receivables (unsecured) (refer note 29)	4	40
Total	4	40
Break-up for trade receivables		
Undisputed trade receivables, considered good	4	40
Undisputed trade receivables, credit impaired	-	-
Total	4	40
Impairment allowance for trade receivables (refer note 36)		
Undisputed trade receivables, credit impaired	-	-
Total	4	40

Trade receivables ageing schedule

As at March 31, 2025	Unbilled receivables*	Not due**	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	4	-	-	-	-	-	4
Total	-	4	-	-	-	-	-	4

As at March 31, 2024	Unbilled receivables*	Not due**	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	40	-	-	-	-	-	40
Total	-	40	-	-	-	-	-	40

* Unbilled receivables represents receivables where the goods and/or services have been provided to the customer for which the Group has unconditional right to consideration However, the Group is yet to raise invoices to the customer
** Not due represent receivables which aren't due as per credit terms agreed with the customer

6.2 Loans
(Unsecured, considered good, unless otherwise stated)

Loans to fellow subsidiaries, considered good ## (refer note 27)	573	57
Loans to fellow subsidiaries, credit impaired## (refer note 27)	17	-
	590	57
Less Provision for doubtful loans (refer note 27)	(17)	-
	573	57
Loans to holding company # (refer note 27)	7,751	195
Performance guarantee deduction receivable	12	10
Total	8,336	262

#Loans given to holding company carries interest rate ranging from 8 85% to 10 11% p a , with receivable due on or before March 31, 2029
Loans given to fellow subsidiaries carries interest rate 10 09% to 10 11 % p a , with receivable due on or before March 31, 2029

6.3 Other financial assets

Other financial assets at amortised cost		
Interest accrued but not due on loans to fellow subsidiaries, considered good (refer note 27)	51	21
Interest accrued but not due on loans to fellow subsidiaries, credit impaired (refer note 27)	1	-
	52	21
Less Provision for doubtful loans (refer note 27)	(1)	-
	51	21
Term deposits*	6	5
Security deposits	7	9
Interest accrued but not due on loans to holding company (refer note 27)	664	13
Derivative instruments at fair value through OCI		
Derivative assets ### (refer note 13 1 and 33)	-	2,001
Total	728	2,049

This relates to US$ Senior Notes

Azure Power (Haryana) Private Limited
***Axis Bank**
Balance of INR 0 16 million as at March 31, 2025 (March 31, 2024 INR 0 16 million) Represents the amount of fixed deposit for bank guarantee issued to statutory authorities

Azure Surya Private Limited
***ICICI Bank**
Balance of INR Nil as at March 31, 2025 (March 31, 2024 INR 0 03 million) Represents an amount under escrow account

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(All amount in INR millions, unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024

Azure Power Infrastructure Private Limited
***Yes Bank**
Balance of INR 1 13 million as at March 31, 2025 (March 31, 2024 INR 1 13 million) Represents an amount of third party margin
***ICICI Bank**
Balance of INR 0 10 million as at March 31, 2025 (March 31, 2024 Nil) Represents an amount of Partial Lien Under Trust and Retention Account

Azure Power (Raj.) Private Limited
***ICICI Bank**
Balance of INR 0 10 million as at March 31, 2025 (March 31, 2024 Nil) Represents an amount of Partial Lien Under Trust and Retention Account

Azure Power Eris Private Limited
***CBI Bank**
Balance of INR 0 4 million as at March 31, 2025 (March 31, 2024 INR 0 4 million) Represents fixed deposit for bank guarantee issued to statutory authorities

Azure Power Mars Private Limited
***ICICI Bank**
Balance of INR Nil as at March 31, 2025 (March 31, 2024 INR 0 05 million) Represents an amount under escrow account

Azure Power Pluto Private Limited
***ICICI Bank**
Balance of INR Nil as at March 31, 2025 (March 31, 2024 INR 0 06 million) Represents an amount under escrow account
Balance of INR 0 02 million as at March 31, 2025 Represents an amount of partial Lien Under Trust and Retention Account
***CBI Bank**
Balance of INR 0 10 million as at March 31, 2025 (March 31, 2024 0 10 million) Represents fixed deposit for bank guarantee issued to statutory authorities

Azure Power Thirty Seven Private Limited
***SBI Bank**
Balance of INR 3 4 million as at March 31, 2025 (March 31, 2024 INR 3 4 million) Represents an amount under escrow account
***ICICI Bank**
Balance of INR Nil as at March 31, 2025 (March 31, 2024 INR 0 02 million) Represents an amount under escrow account
Balance of INR 0 03 million as at March 31, 2025 Represents an amount under Lien for TDS on Interest Accrued

7. Income tax assets (net)		
Advance income-tax (net of provision for tax of INR 751 million (March 31, 2024 INR 483 million))	261	159
Total	**261**	**159**
8. Other non-current assets		
(Unsecured, considered good)		
Capital advances	12	-
Prepaid performance guarantee deduction	66	70
Contract assets (refer note 29)	226	493
Total	**304**	**563**
9. Inventories		
(Valued at cost or net realisable value, whichever is lower)		
Carbon credit inventories	1	1
Total	**1**	**1**
10. Current financial assets		
(Carried at amortised cost, unless stated otherwise)		
10.1 Trade receivables		
Trade receivables (unsecured) (refer note 29 and 47)	3,075	2,429
Total	**3,075**	**2,429**
Break-up for trade receivables		
Undisputed trade receivables, considered good	2,745	1,189
Disputed trade receivables, considered good	330	1,240
Undisputed trade receivables, credit impaired	29	146
Disputed trade receivables, credit impaired	173	365
Total	**3,277**	**2,940**
Impairment allowance for trade receivables (refer note 36 and 47)		
Undisputed trade receivables, credit impaired	(29)	(146)
Disputed trade receivables, credit impaired	(173)	(365)
Total	**3,075**	**2,429**

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(All amount in INR millions, unless otherwise stated)

Particulars	**As at March 31, 2025**	As at March 31, 2024

Trade receivables ageing schedule

As at March 31, 2025	**Unbilled receivables***	**Current but not due****	**Outstanding for following periods from due date of payment**					**Total**
			Less than 6 Months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed Trade Receivables – considered good	503	782	169	107	122	239	823	**2,745**
Disputed Trade receivables - considered good	18	36	62	-	50	6	158	**330**
Undisputed Trade receivable – credit impaired	2	3	8	1	-	-	15	**29**
Disputed Trade receivables – credit impaired	-	-	1	-	-	30	142	**173**
	523	**821**	**240**	**108**	**172**	**275**	**1,138**	**3,277**

As at March 31, 2024	Unbilled receivables*	Current but not due**	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	440	588	60	97	-	-	-	1,185
Disputed Trade receivables - considered good	87	75	120	102	108	144	608	1,244
Undisputed Trade receivable – credit impaired	1	3	2	29	-	5	12	52
Disputed Trade receivables – credit impaired	13	12	29	32	131	40	202	459
	541	678	211	260	239	189	822	2,940

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days

* Unbilled receivables represents receivables where the goods and/or services have been provided to the customer for which the Group has unconditional right to consideration However, the Group is yet to raise invoices to the customer

** Current but not due represent receivables which aren't due as per credit terms agreed with the customer

10.2 Cash and cash equivalents		
Balances with banks		
- In current accounts	319	308
- Deposits with original maturity of less than 3 months	90	65
Total	**409**	373

There are no repatriation restriction with cash and cash equivalents as at the end of reporting period and prior period

10.3 Other bank balances		
- Deposits with original maturity for more than 3 months but remaining maturity for less than 12 months	648	1,960
Total	**648**	1,960

10.4 Loans		
(Unsecured, considered good)		
Loan to parent company (refer note 27)*	43	16
Loans to holding company (refer note 27)	-	6,483
Loans to fellow subsidiaries (refer note 27)	-	659
Total	**43**	7,158

*Loan given to parent company carries interest rate of 7 39% p a , which is receivable on or before May 23, 2025

10.5 Other financial assets		
Interest accrued on term deposits	4	46
Interest accrued but not due on loan to parent company (refer note 27)	3	1
Interest accrued but not due on loans to holding company (refer note 27)	-	1,302
Interest accrued but not due on loans to fellow subsidiaries (refer note 27)	-	232
Receivable from fellow subsidiaries (refer note 27)	16	3
Receivable from holding company (refer note 27)	48	-
Late Payment Surcharge Receivable (refer note 47)	855	-
Insurance claim receivables*	107	-
Carried at fair value through OCI		
Derivative assets # (refer note 13 1 and 33)	4,243	-
Total	**5,276**	1,584

* Pertains to claim for business interruption on account of equipment failure which also lead to temprorary shut down of operations in one of the Restricted entity, namely, Azure Sunrise Private Limited

This relates to US$ Senior Notes

11. Other current assets		
Advance to vendors		
Unsecured, considered good	4	12
Unsecured, considered doubtful	8	8
(Less) Allowance for bad and doubtful advances	(8)	(8)
	4	12
Contract assets (refer note 29)	31	23
Balance with statutory / government authorities	23	25
Prepaid performance guarantee deduction	4	4
Prepaid assets - others	9	9
Other advances	-	2
Advances to employees	2	1
Total	**73**	74

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(All amount in INR millions, unless otherwise stated)

12.1 Equity Share capital*

Issued, subscribed and fully paid-up share capital (Aggregate of Restricted Group III entities):

	Number of shares	Amount
At April 01, 2023	1,12,54,112	113
Changes during the year	-	-
At March 31, 2024	1,12,54,112	113
Changes during the year	-	-
At March 31, 2025	**1,12,54,112**	**113**

*Share capital represents the aggregate amount of the share capital of identified subsidiaries of the Restricted Group as at the respective period and does not necessarily represent legal share capital for the purpose of the Restricted Group.

a) Terms/ rights attached to shares
The respective Restricted Group entities have only one class of equity shares, Indian entities having a par value of INR 10/- per share and Mauritius entity having a par value of USD 100/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the entity, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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(All amount in INR millions, unless otherwise stated)

12.2 Other equity*

For the year ended March 31, 2025:

Particulars	Reserves and surplus		Equity component of	Items of Other Comprehensive Income (OCI)			Total equity
	Surplus in the statement of profit and loss (refer note (i))	Securities premium reserve# (refer note (ii))	Compulsorily Convertible Debentures**	Exchange differences on translating the financial statements of foreign entities (refer note (iii))	Defined benefit plans (Refer note (iv) and 38)	Effective portion of cash flow hedges (Refer note (v) and 33)	
At April 01, 2024	2,383	9,960	1,120	(3,608)	1	1,353	**11,209**
Profit for the year	4,142	-	-	-	-	-	**4,142**
Dividend paid (refer note vi below)	(1,089)	-	-	-	-	-	**(1,089)**
Other comprehensive income/(loss)	-	-	-	(708)	-	1,279	**571**
At March 31, 2025	**5,436**	**9,960**	**1,120**	**(4,316)**	**1**	**2,632**	**14,833**

For the year ended March 31, 2024

Particulars	Reserves and surplus		Equity component of	Items of Other Comprehensive Income (OCI)			Total equity
	Surplus in the statement of profit and loss (refer note (i))	Securities premium reserve# (refer note (ii))	Compulsorily Convertible Debentures**	Exchange differences on translating the financial statements of foreign entities (refer note (iii))	Defined benefit plans (Refer note (iv) and 38)	Effective portion of cash flow hedges (Refer note (v) and 33)	
At April 01, 2023	605	9,960	1,120	(3,581)	1	1,064	9,169
Profit for the year	1,778	-	-	-	-	-	1,778
Other comprehensive income/(loss)	-	-	-	(27)	-	289	262
As at March 31, 2024	2,383	9,960	1,120	(3,608)	1	1,353	11,209

* Other equity represents the aggregate amount of other equity of identified Restricted Group III entities as of the respective period and does not necessarily represent legal other equity for the purpose of the Restricted Group III
** CCDs were issued to Azure Power India Private Limited, Azure Power Makemake Private Ltd and Haeron Power Singapore Pte Limited with coupon rate of 0% and convertible into equivalent number of equity shares.
\# Securities premium reserve includes INR 1,116 million on account of equity component of compulsorily convertible debenture.

Note:
(i) Surplus in the statement of profit and loss are the profits of the Restricted Group III incurred till date net of appropriations
(ii) Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
(iii) Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.
(iv) Defined benefits plans includes all the remeasurements, comprising of actuarial gains/losses on defined benefits obligation and fair value of assets.
(v) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

(vi) Dividend paid:
a. Dividends paid during the year ended March 31, 2025 include an amount of INR 749.77 (March 31, 2024: Nil) per equity share towards interim dividend for the year ended March 31, 2025 declared by Azure Surya Private Limited
b. Dividends paid during the year ended March 31, 2025 include an amount of INR 359.07 (March 31, 2024: Nil) per equity share towards interim dividend for the year ended March 31, 2025 declared by Azure Power (Raj.) Private Limited
c. Dividends paid during the year ended March 31, 2025 include an amount of INR 8,629.06 (March 31, 2024: Nil) per equity share towards interim dividend for the year ended March 31, 2025 declared by Azure Clean Energy Private Limited
d. Dividends paid during the year ended March 31, 2025 include an amount of INR 521.32 (March 31, 2024: Nil) per equity share towards interim dividend for the year ended March 31, 2025 declared by Azure Power Pluto Private Limited.
e. Dividends paid during the year ended March 31, 2025 include an amount of INR 27.42 (March 31, 2024: Nil) per equity share towards interim dividend for the year ended March 31, 2025 declared by Azure Power Thirty Seven Private Limited.

The above dividends declared are based on the profit available for distribution in respective Companies.

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(All amount in INR millions, unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
13. Non-current financial liabilities		
(Carried at amortised cost, unless stated otherwise)		
13.1 Non-current borrowings		
(secured)		
(a) Bond		
3.575% Senior Notes* (refer note 16.1 and 45)	22,522	24,282
Loans from holding company** (refer note 27)	110	-
Total	**22,632**	24,282

***3.575% Senior Notes**

During fiscal 2022, Azure Power Energy Limited (One of the subsidiaries of APGL "APEL") issued 3.575% US$ denominated Senior Notes ("3.575% Senior Notes" or "Green Bonds") maturing in 2026 and raised INR 30,285 million, net of issuance expense of 408 millions. 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 (SGX-ST). In accordance with the terms of the issue, the proceeds were used for repayment of 5.5% Senior Notes. The interest is payable on semi-annual basis and principal is payable on a semi-annual instalment ranging from 3.4% to 3.8% and balance 62.6% on maturity in August 2026.

During the previous year, APEL completed a consent solicitation process in respect of the Green Bonds and amended certain terms of the bond indenture (also refer note 45). In line with these amendments, APEL purchased US$ 12 millions of the 2026 Notes on March 11, 2024 and also incurred transaction cost of INR 296 millions. Further, APEL has also purchased US$ 8 millions of the 2026 notes on August 08, 2024. The transaction costs have been recorded as finance cost, using the effective interest rate method and the unamortised balance of such amounts is netted with the carrying value of the Green Bonds. The Green Bonds are secured by a pledge of Azure Power Energy Limited's shares held by Azure Power Global Limited. The net carrying value of the Green Bonds as of March 31, 2025 is INR 24,925 millions (March 31, 2024: INR 27,164 millions).

**Loan taken from holding company carries interest rate 10.17% p.a., with repayment due on or before March 31, 2029.

Particulars	As at March 31, 2025	As at March 31, 2024
13.2 Other non-current financial liabilities		
Other financial liabilities at amortised cost		
Interest accrued but not due on borrowings from holding company (refer note 27)	10	-
Total	**10**	-
14. Provisions		
14.1 Non-current		
Provision for gratuity (refer note 38)	8	7
Provision for decommissioning liabilities*	99	91
Total	**107**	98

*Provision has been recognized for decommissioning costs associated with solar power plants being constructed on leasehold lands. The respective entities under Restricted Group are under an obligation to decommission the plant at the expiry of the lease term before handing over the leasehold lands to the lessors.

Particulars	As at March 31, 2025	As at March 31, 2024
Movement in provision for decommissioning liabilities		
Opening balance	91	101
Accretion during the year	9	10
Impact of change in estimate during the year (refer note 39 B vi)	(1)	(20)
Closing balance	**99**	91
14.2 Current		
Provision for gratuity (refer note 38)	3	2
Provision for compensated absences	5	4
Total	**8**	6
15. Other non-current liabilities		
Contract Liability		
Deferred revenue on account of revenue straightlining (refer note 29)	899	956
Deferred viability gap funding	1,117	1,217
Total	**2,016**	2,173
16. Current financial liabilities		
(Carried at amortised cost, unless otherwise stated)		
16.1 Current borrowings		
Secured		
Current maturities of non-current borrowings (refer note 13.1)	2,403	2,882
Unsecured		
Loans from holding company** (refer note 27)	-	160
Total	**2,403**	**3,042**

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(All amount in INR millions, unless otherwise stated)

Particulars		As at March 31, 2025	As at March 31, 2024
16.2 Trade payables			
Total outstanding dues of micro enterprises and small enterprises (refer note 30)		52	31
	(A)	52	31
Total outstanding dues of creditors other than micro enterprises and small enterprises #			
- from related parties (refer note 27)		94	57
- from others		222	352
	(B)	316	409
Total	(A)+(B)	368	440

Trade payables ageing schedule

As at March 31, 2025	Unbilled dues*	Not due trade payable**	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	30	4	16	0	2	52
Total outstanding dues of creditors other than micro enterprises and small enterprises	177	50	72	16	1	0	316
	177	80	76	32	1	2	368

As at March 31, 2024	Unbilled dues*	Not due trade payable**	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	11	18	-	2	-	31
Total outstanding dues of creditors other than micro enterprises and small enterprises	317	76	16	1	-	-	409
	317	86	34	1	2	-	440

* Unbilled dues represents payables where the goods and/or services have been received, however, Group is yet to receive invoices from the vendors
** Not due trade payable represent balances which are not due as per credit terms agreed with the vendor
Trade payables are non-interest bearing and are normally settled upto 30-60 days terms

	As at March 31, 2025	As at March 31, 2024
16.3 Other financial liabilities		
Other financial liabilities at amortised cost		
Interest accrued but not due on borrowings	105	108
Contractually reimbursable expense to holding company (refer note 27)	11	2
Payable to fellow subsidiaries (refer note 27)	1	3
Payable to employees	1	3
Payable towards capital creditors (refer note 30)	32	3
Derivative instruments at fair value through OCI		
Derivative liabilities (refer note 33)	1,513	501
Total	1,663	620
17. Other current liabilities		
Money Received under protest	6	-
Statutory dues	23	45
Contract Liability		
Deferred revenue on account of revenue straightlining (refer note 29)	47	-
Deferred viability gap funding	83	85
Total	159	130
18. Current tax liabilities (Net)		
Provision for income tax (net of advance tax of INR 207 million (March 31, 2024 INR 381 million))	191	104
Total	191	104

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(All amount in INR millions, unless otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
20. Revenue from operations		
Revenue from contracts with customers*		
Sale of power (refer note 28, 29,46 and 47)	5,668	5,941
Other operating revenue		
Viability gap funding income	102	81
Income from carbon credit emission*	4	1
Total	**5,774**	6,023

*Revenue from sale of power and income for carbon credit emission are recognised at point in time.

21. Non Operating Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
21.1 Interest income		
Interest income on financial assets measured at amortised cost:		
- Term deposits	80	222
- Loan to holding company/fellow subsidiaries (refer note 27)	869	637
- Interest income - others	13	37
Interest income on refund of income tax	-	4
Others*	-	58
Total	**962**	958

*Primarily relates to revenue straight lining under Ind AS 115, Revenue from contracts with customers.

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
21.2 Other income		
Sale of scrap	7	1
Reversal of expected credit loss (refer note 36 and 47)	325	34
Late payment surcharge (refer note 47)	922	80
Liabilities no longer required written back	65	52
Insurance claim*	123	4
Miscellaneous income	4	2
Total	**1,446**	173

*Includes claim for business interruption of INR 107 millions on account of equipment failure which also lead to temprorary shut down of operations in one of the Restricted entity, namely, Azure Sunrise Private Limited.

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
22. Employee benefits expense		
Salaries, wages and bonus	69	64
Contribution to provident and other funds (refer note 38)	4	3
Gratuity expenses (refer note 38)	2	2
Total	**75**	69
23. Depreciation expense		
Depreciation of property, plant and equipment (refer note 5 and 39 B vii)	1,001	1,007
Depreciation of right-of-use assets (refer note 31)	32	32
Total	**1,033**	1,039
24. Finance costs		
Interest expenses on financial liabilities measured at amortised cost:		
- 3.575% Senior Notes*	1,829	2,318
- Loan from holding company /fellow subsidiaries (refer note 27)	13	14
- Lease liabilities (refer note 31)	97	94
Interest on delayed payment of statutory dues	50	-
Other finance costs**	268	153
Total	**2,257**	2,579

* Including amortisation of hedging cost of INR 671 million (March 31, 2024: INR 1,055 million).

** Primarily includes adjustment amounting to INR 197 million (March 31, 2024: 102 million) related to Ind AS 115.

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(All amount in INR millions, unless otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
25. Other expenses		
Guest house expenses	1	1
Rates and taxes	36	37
Insurance	33	49
Repair and maintenance		
- Plant and machinery	141	127
- Other repairs	42	39
Travelling and conveyance	7	7
Communication costs	2	2
Management fees (refer note 27)	120	114
Legal and professional fees	35	41
Payment to auditor (refer details below)	7	28
Corporate social responsibilities	50	34
Operation and maintenance fees	2	1
Allowance for doubtful trade receivables (refer note 36)	16	112
Recruitment expenses	-	1
Security charges	125	125
Bank charges	1	1
Balance written off	-	1
Advance written off	3	2
Inter-company loan written off (including interest accrued)	339	-
Provision for doubtful loans and interest	18	-
Loss on disposal of property, plant and equipment (net) (refer note 5)	47	-
Asset written off (refer note 5)	96	27
Exchange difference (net)	2	1
Miscellaneous expenses	12	5
Total	**1,135**	**755**
Payment to auditor*:		
As auditor:		
Audit fees	7	27
Reimbursement of expenses	-	1
Total	**7**	**28**

*Audit fees for the previous year ended March 31, 2024 included INR 7 millions and INR 15 millions for audit fees of Financial Year 2022-23 and 2021-22 respectively. The audit fees was not recognised during aforesaid years, since the auditors were appointed during the year ended March 31, 2024 and this was considered as non-adjusting event in earlier years.

26. Earnings per share

The special purpose combined financial statements do not represent legal structure and are aggregated for a specific purpose. Accordingly, Earning Per Share (EPS) on aggregated number of shares have not been disclosed.

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(All amount in INR millions, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
19. Deferred tax assets/liabilities (net)		
19.1 Deferred tax liabilities (net)		
Deferred tax liabilities	1,149	1,999
Total	**1,149**	1,999
19.2 Deferred tax assets (net)		
Deferred tax assets	276	183
Total	**276**	183

Reconciliation of deferred tax asset/(liabilities) (net)

	As at April 01, 2023	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2024	**Recognised in Profit & Loss**	**Recognised in OCI**	**As at March 31, 2025**
Deferred tax assets:							
Deferred revenue	466	14	-	480	8	-	488
Allowance under section 94B	-	-	-	-	1,994	-	1,994
Provision for decommissioning liabilities	29	(3)	-	26	-	-	26
Unabsorbed depreciation and brought forward losses	23	(15)	-	8	(5)	-	3
Minimum alternate tax	433	273	-	706	(371)	-	335
Allowance for doubtful trade receivables	124	23	-	147	(96)	-	51
Trade receivables measured at amortised cost	14	(10)	-	4	(4)	-	-
Lease liabilities	287	8	-	295	(25)	-	270
Provision for employee benefits	3	1	-	4	-	-	4
EIR impact	-	1	-	1	(1)	-	-
Performance bank guarantee	3	1	-	4	1	-	5
Deferred tax assets (A)	1,382	293	-	1,675	**1,501**	-	**3,176**
Deferred tax liability:							
Difference between tax base and book base of property, plant and equipment	2,448	511	-	2,959	329	-	3,288
Right-of-use assets	258	(9)	-	249	(35)	-	214
Amortisation of extension charges	2	42	-	44	(4)	-	40
EIR impact	3	(3)	-	-	42	-	42
Deferred tax liability (B)	2,711	541	-	3,252	**332**	-	**3,584**
Deferred Tax asset / (liability) (Net) (A - B)	(1,329)	(248)	-	(1,577)	**1,169**	-	**(408)**
Cash flow hedge	(188)	-	(51)	(239)	-	(226)	(465)
Deferred tax asset/(liability) (net) after OCI	(1,517)	(248)	(51)	(1,816)	**1,169**	**(226)**	**(873)**

Azure Power Energy Limited is incorporated in Mauritius having applicable income tax rate of 15% However, the restricted group's significant operations are based in India and are taxable as per Indian Income Tax Act, 1961 For effective tax reconciliation purposes, the applicable tax rate in India has been considered

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

		For the year ended March 31, 2025	For the year ended March 31, 2024
Accounting profit before income tax		**3,682**	2,712
India's statutory income tax rate		25 17%	29 12%
Tax at applicable tax rate	**(A)**	**927**	790
Adjustments:			
Permanent difference disallowed under Income Tax Act		99	(61)
Disallowance as per section 94B of Income Tax Act, 1961 not considered for deferred tax purpose		-	190
Allowance as per section 94B of Income Tax Act, 1961 considered for deferred tax purpose		(1,891)	-
Deduction during tax holiday period		(106)	(217)
Effect of tax of APEL (Mauritius entity)		157	197
Impact due to change in Tax rate		(159)	-
Impact of different income tax rates		(34)	(29)
Impact of revision in earlier year Income Tax Returns		59	-
Minimum alternate tax write off		514	-
Adjustments in relation to tax expense of previous years		(30)	20
Adjustments in relation to extention charges		-	45
Others		4	(1)
	(B)	(1,387)	144
Total tax (benefit)/ expense	**(A+B)**	**(460)**	934
Component of tax expenses-			
Current tax expense		739	666
Adjustments in relation to tax expense of previous years		(30)	20
Deferred tax (benefit)/ charge		(1,169)	248
Total tax (benefit)/ expense		**(460)**	934

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(All amount in INR millions, unless otherwise stated)

27. Related party disclosures:

Related parties where control exists

Parent Company:	Azure Power Global Limited
Holding company of Azure Power Energy Limited (APEL):	Azure Power Global Limited
Holding Company of Restricted Group III entities (except APEL):	Azure Power India Private Limited
Key managerial personnel:	Mr Muhammad Khalid Peyrye (Director from June 15, 2017) Mr Gowtamsingh Dabee (Director from March 30, 2023) Mr Jean Eric Warren Bignoux (Alternate Director to Mr Muhammad Khalid Peyrye from July 21, 2025 to August 08, 2025)

Related parties with whom transactions have taken place during the year:

Holding company of Azure Power Energy Limited (APEL):	Azure Power Global Limited
Holding company of Restricted Group III entities (except APEL):	Azure Power India Private Limited
Fellow subsidiary company:	Azure Solar Private Limited Azure Power Thirty Three Private Limited Azure Power Mercury Private Limited (till September 30, 2024) Azure Power Venus Private Limited Azure Power Rooftop Private Limited Azure Power Rooftop Four Private Limited Azure Power Jupiter Private Limited Azure Power Forty Private Limited Azure Power (Rajasthan) Private Limited Azure Power Earth Private Limited Azure Power Forty One Private Limited Azure Power Makemake Private limited Azure Power Rooftop Five Private Limited Azure Power Rooftop Eight Private Limited

Following transactions were carried out with related parties in the ordinary course of business:

1. Transactions during the year :

Nature of transaction	Parent/Holding company		Fellow subsidiary company	
	For the year ended March 31, 2025	For the year ended March 31, 2024	**For the year ended March 31, 2025**	For the year ended March 31, 2024
a) Settlement of liabilities on behalf of the entity				
Azure Power India Private Limited	6	1	-	-
b).Settlement of liabilities by the entity on behalf of				
Azure Power India Private Limited	29	5	-	-
c) Purchase of capital goods				
Azure Power India Private Limited	7	-	-	-
Azure Power Thirty Three Private Limited	-	-	4	-
d) Management services received				
Azure Power India Private Limited	120	114	-	-
e) Loans given				
Azure Power Global Limited	43	16	-	-
Azure Power India Private Limited	30	782	-	-

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(All amount in INR millions, unless otherwise stated)

Nature of transaction	Parent/Holding company		Fellow subsidiary company	
	For the year ended March 31, 2025	For the year ended March 31, 2024	**For the year ended March 31, 2025**	For the year ended March 31, 2024
f) Receipt of loans given				
Azure Power Global Limited	16	1	-	-
Azure Power India Private Limited#	248	562	-	-
Azure Power Mercury Private Limited	-	-	-	70
Azure Power Venus Private Limited#	-	-	69	4
Azure Power Thirty Three Private Limited#	-	-	1	
Azure Power Rooftop Private Limited	-	-	-	69
Azure Power Rooftop Four Private Limited	-	-	-	1
g) Repayamnet of borrowing				
Azure Power India Private Limited	50	10	-	-
h) Interest expense				
Azure Power India Private Limited	13	14	-	-
i) Interest income				
Azure Power India Private Limited	770	563	-	-
Azure Power Global Limited	4	-		
Azure Power Rooftop Private Limited	-	-	89	69
Azure Power Venus Private Limited	-	-	5	4
Azure Power Rooftop Four Private Limited	-	-	1	1
j) Sale of goods and services				
Azure Power India Private Limited	22	-	-	-
Azure Power Jupiter Private Limited	-	-	7	2
Azure Solar Private Limited	-		2	-
Azure Power Forty Private Limited	-		4	-
k) Inter-company loan written off (including interest accrued)				
Azure Power Rooftop Private Limited	-	-	339	-
l) Dividend paid				
Azure Power India Private Limited	1,089	-	-	-

2. Balances outstanding at the end of the year

Nature of transaction	Parent/Holding company		Fellow subsidiary company	
	As at March 31, 2025	As at March 31, 2024	**As at March 31, 2025**	As at March 31, 2024
a) Receivables				
Azure Power India Private Limited	48	-	-	-
Azure Power Jupiter Private Limited	-	-	8	2
Azure Power (Rajasthan) Private Limited			1	-
Azure Solar Private Limited			2	-
Azure Power Forty Private Limited			5	-
Azure Power Earth Private Limited	-	-	-	1
b) Payables				
Azure Power India Private Limited	105	59	-	-
Azure Power Thirty Three Private Limited	-	-	1	-
Azure Power Forty One Private Limited	-	-	-	1
Azure Power Makemake Private limited	-	-	-	2
c) Borrowings				
Azure Power India Private Limited#	110	160	-	-
d) Loans given				
Azure Power Global Limited	43	16	-	-
Azure Power India Private Limited#	7,751	6,678	-	-
Azure Power Venus Private Limited#	-	-	-	40
Azure Power Thirty Three Private Limited	-	-	-	1
Azure Power Rooftop Private Limited#	-	-	573	660
Azure Power Rooftop Four Private Limited*	-	-	12	11
Azure Power Rooftop Five Private Limited*	-	-	3	2
Azure Power Rooftop Eight Private Limited*	-	-	2	2
e) Interest receivable on loan given				
Azure Power Global Limited	3	1	-	-
Azure Power India Private Limited	664	1,315	-	-
Azure Power Rooftop Private Limited	-	-	51	221
Azure Power Thirty Three Private Limited	-	-	-	1
Azure Power Venus Private Limited	-	-	-	29
Azure Power Rooftop Four Private Limited*	-	-	1	2
f) Interest payable				
Azure Power India Private Limited	10	-	-	-

Includes adjustment on account of interest accrued rollover during the current year
* During the current year one of the entity Azure Green Tech Private Limited has recognised the provision on loan of INR 17 millions and interest receivable of INR 1 million (Number mentioned in the above table are gross number)

Terms and conditions of transactions with related parties:

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates
- Loans from/to related parties carry an interest rate of 7.00 - 10.17% p.a. and are repayable/receivable in accordance with the terms of the respective agreement
- There has been no transaction with Key managerial personnel during the year ended March 31, 2025 and March 31, 2024

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(All amount in INR millions, unless otherwise stated)

28. Segment information

The Restricted Group III entities primarily is carrying out business activities relating to generation of electricity through non-conventional and renewable sources (refer note 1) which according to the management, is considered as the only business segment. Accordingly, no separate segmental information has been provided herein. The Restricted Group entities' principal operations, revenue and decision making functions are all located in India and there is no significant revenue and non-current assets outside India.

A. Information about revenue from major customers who contributed 10% or more relating to revenue from sale of power:

Particulars	Revenue from external customers For the year ended March 31, 2025	Revenue from external customers For the year ended March 31, 2024
Sale of power		
Punjab State Power Corporation Limited	1,546	1,194
Solar Energy Corporation of India	943	1,056
NTPC Limited	845	895
Chamundeshwari Electricity Supply Company Limited	634	537

B. Revenue from major products and services

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of Power	5,668	5,941
Carbon credit emission income	4	1
Total	**5,672**	5,942

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(All amount in INR millions, unless otherwise stated)

29. Revenue from contracts with customers

Reconciliation of the amount of revenue recognised in statement of profit and loss with the contracted price

Particulars	**For the year ended March 31, 2025**	For the year ended March 31, 2024
Revenue as per contracted price	5,746	5,886
Adjustments for:		
Liquidated damages	(9)	(9)
Revenue straight lining	(44)	88
Rebate/ Discount	(25)	(24)
Revenue from contract with customers	**5,668**	5,941

The following table provides information about trade receivables, contract assets, and deferred revenue from customers as at March 31, 2025 and March 31, 2024

Particulars	**As at March 31, 2025**	As at March 31, 2024
Non current assets		
Trade receivables	4	40
Contract assets	226	493
Current assets		
Trade receivables	3,075	2,429
Contract assets	31	23
Non current liabilities		
Deferred revenue on account of revenue straightlining	899	956
Current liabilities		
Deferred revenue on account of revenue straightlining	47	-

Movement of contract assets

Particulars	**For the year ended March 31, 2025**	For the year ended March 31, 2024
Opening Balance	516	453
Addition during the year	-	73
Deletion/adjustment during the year	(259)	(9)
Closing Balance	257	516

Movement of contract liabilities

Particulars	**As at March 31, 2025**	As at March 31, 2024
Opening Balance	956	929
Net, addition during the year	113	27
Net, revenue recognised during the year	(123)	
Closing Balance	946	956

30. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Micro, Small and Medium Enterprises have been identified by management of the Restricted Group entities from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro, and Small Enterprises is as follows:

Particulars	**As at March 31, 2025**	As at March 31, 2024
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	53	31
Principal amount due to micro and small enterprises	46	27
Interest due on above	7	4
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	7	4
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

*Includes INR 1 million pertaining to capital creditors

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31. Leases

Restricted Group III entities as lessee:
Land leases:
Certain entities in Restricted Group - III have taken land on lease for construction of solar power plants. These leases typically run for 26-35 years which is further extendable on mutual agreement by both lessor and lessee. Accordingly, the Restricted Group - III has taken lease period of 35 years considering reasonable certainity and expectation of extension of the lease period
Information about the leases for which the Restricted Group - III is a lessee is presented below:

i) Right-of-use assets

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance	855	887
Depreciation for the year	(32)	(32)
Closing balance	**823**	855

ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the year:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance	1,013	985
Accretion of interest	97	94
Payments	(75)	(66)
Closing balance	**1,035**	1,013

Particulars	As at March 31, 2025	As at March 31, 2024
Current	69	65
Non-current	966	948
Total	**1,035**	1,013

Below are the amounts recognised by the Restricted Group III entities in the special purpose combined statement of profit and loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of right-of-use assets	32	32
Interest on lease liabilities	97	94
Total	**129**	126

Below are the amounts recognised by the Restricted Group III entities in the special purpose combined statement of cash flows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total cash outflow for leases	75	66

The maturity analysis of leases is disclosed in note 36. The weighted average incremental borrowing rate applied to lease liabilities is 10%. The Restrited Group - III has applied single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.

Extension options:
Land leases contain extension options exercisable by the entities in Restricted Group - III before the end of the non-cancellable contract period. Where practicable, the Restricted Group - III entities seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only on mutual agreement. The Restricted Group - III entities assessed at lease commencement whether it is reasonably certain to exercise the extension options. The Restricted Group - III entities reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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(All amount in INR millions, unless otherwise stated)

32. Commitments and contingencies

a) Commitments

(i) The Restricted Group III has commitments of INR 35 million (net of advances) (March 31, 2024: INR 12 million) for purchases of assets for the construction of solar power plants.

(ii) The entities of Restricted Group III have entered in to Power Purchase Agreement (PPA) with following parties:

Name of Authority	Agreement date	Commercial Operation Date	Rate	Period	Capacity (in megawatt)
Gujarat UrjaVikas Nigam Limited*	30-Apr-10	Q2 2011	15 kw/h - 1 to 12 Years 5 kw/h - 13 to 25 Years	25 Years	5
Gujarat UrjaVikas Nigam Limited*	30-Apr-10	Q4 2011	15 kw/h - 1 to 12 Years 5 kw/h - 13 to 25 Years	25 Years	5
NTPC Vidyut Vyapar Nigam Limited	15-Oct-10	Q4 2009	17.91 kw/h	25 Years	2
Punjab State Power Corporation Limited	27-Dec-13	Q3 2014	7.67 kw/h	25 Years	15
Punjab State Power Corporation Limited	27-Dec-13	Q4 2014	7.97 kw/h	25 Years	15
Punjab State Power Corporation Limited	27-Dec-13	Q4 2014	8.28 kw/h	25 Years	4
Uttar Pradesh Power Corporation Limited	27-Dec-13	Q1 2015	8.99/kwh	12 Years**	10
Bangalore Electricity Supply Company Limited	18-Jan-14	Q1 2015	7.47 kw/h	25 Years	10
Solar Energy Corporation of India	28-Mar-14	Q1 2015	5.45 kw/h	25 Years	40
Solar Energy Corporation of India	28-Mar-14	Q1 2015	5.45 kw/h	25 Years	20
Solar Energy Corporation of India	28-Mar-14	Q1 2015	5.45 kw/h	25 Years	40
Southern Power Distribution Company of Andhra Pradesh Limited***	05-Dec-14	Q1 2016	5.89 kw/h	25 Years	50
Chamundeshwari Electricity Supply Corporation Limited	02-Jan-15	Q1 2017	6.89 kw/h	25 Years	50
Hubli Electricity Supply Company Limited	09-Jan-15	Q1 2017	6.93 kw/h	25 Years	40
Bihar State Power (Holding) Company Limited	17-Jan-15	Q3 2016	8.39 kw/h	25 Years	10
Gulbarga Electricity Supply Corporation Limited	23-Jan-15	Q1 2017	6.96 kw/h	25 Years	40
Solar Energy Corporation of India	05-Feb-15	Q4 2015	5.45 kw/h	25 Years	5
Punjab State Power Corporation Limited	03-Feb-16	Q4 2016	5.62 kw/h	25 Years	50
Punjab State Power Corporation Limited	03-Feb-16	Q4 2016	5.63 kw/h	25 Years	50
Punjab State Power Corporation Limited	03-Feb-16	Q4 2016	5.63 kw/h	25 Years	50
NTPC Limited	10-Aug-16	Q4 2017	4.67 kw/h	25 Years	100

*The entity had entered into a Power Purchase Agreement (PPA) on 30th day of April, 2010 with Gujarat UrjaVikas Nigam Limited for 10 MW @ Rs. 15/kwh for first 12 years and @ Rs. 5/kwh. for remaining period.

**PPA may be extended for a further period of 13 year on mutually agreed terms and conditions.

***The entity had entered into a Power Purchase Agreement (PPA) on 5th day of December, 2014 with Southern Power Distribution Company of Andhra Pradesh Limited for 50 MW for a period of 25 years @ INR 5.89/kwh. to supply power with an escalation of 3% per annum from 2nd year to 10th year and no further escalation subsequent to the 10th year until the end of the PPA.

b) Contingent liabilities:

A Public Interest Litigation was filed before Supreme Court by certain individuals and organization claiming interest in wildlife conservation seeking protection of two endangered bird species, namely the Great Indian Bustard (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.

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(C) Viability gap funding represents the amount already received which the government agencies can demand repayment of in case the project fails to generate power for a longer period of time.

Particulars	As at March 31, 2025	As at March 31, 2024
Viability gap Funding (VGF)	962	1,155

33. Hedging activities and derivatives

Contracts designated as Cash flow hedges

The Company hedged the foreign currency exposure risk related to certain investments in Restricted Group-III entities denominated in foreign currency through call spread option with full swap for coupon payments. The foreign currency forward contracts and options were not entered for trading or speculative purposes.

The Company documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested on a quarterly basis using dollar offset method. When the relationship between the hedged items and hedging instrument is highly effective at achieving offsetting changes in cashflows attributable to the hedged risk, the Company records in other comprehensive income the entire change in fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness. The gain or loss on the hedge contracts shall be reclassified to interest expense when the coupon payments and principal repayments are made on the related investments. The hedge contracts were effective as of March 31, 2024 and 2025 respectively.

Ind AS 109, Financial Instruments, permits recording the cost of hedge over the period of contract based on the effective interest rate method. The Restricted Group - III determined the cost of hedge at the time of inception of the contract was INR 3,549 million and recorded an expense of INR 671 million and INR 1,055 million during the year ended March 31, 2025 and March 31, 2024 respectively.

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

	Foreign currency option contracts	
	As at March 31, 2025	As at March 31, 2024
Notional Amount (US$ millions denominated)	437	331
Non-current assets (INR millions)	-	2,001
Current assets (INR millions)	4,243	-
Current Liabilities (INR millions)	1,513	501

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(All amount in INR millions, unless otherwise stated)

34. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Restricted Group III financial instruments:

	Carrying value		Fair value	
	As at March 31, 2025	As at March 31, 2024	**As at March 31, 2025**	As at March 31, 2024
Financial assets at amortised cost				
Non-current trade receivables	4	40	4	40
Non-current security deposits	7	9	7	9
Performance bank guarantee receivable	12	10	12	10
Non-current loans to holding company (including interest accrued)	8,415	208	8,415	208
Non-current loans to fellow subsidiaries (including interest accrued)	624	78	624	78
Non-current term deposits	6	5	6	5
Financial assets at fair value				
Derivative instruments at fair value through OCI*	4,243	2,001	4,243	2,001
Total	**13,311**	2,351	**13,311**	2,351
Financial liabilities at amortised cost				
3 575% Senior Notes (including current maturities & interest accrued)**	25,030	27,272	23,791	24,371
Loans from holding company **	120	-	120	-
Financial liabilities at fair value				
Derivative instruments at fair value through OCI*	1,513	501	1,513	501
Total	**26,663**	27,773	**25,424**	24,872

The management assessed that fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, contract assets, loans, other receivables, receivable from related parties, security deposits received, current borrowings, interest accrued, payable for capital goods, trade payables and security deposits paid as applicable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the price that would be received on selling of assets or paid to transfer a liability in an orderly transactions between market participants at measurement date.

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

Measured at fair value:
* The respective companies under the Restricted Group III enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign currency option derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying instruments. The Restricted Group III used the derivatives option pricing model based on the principles of the Black-Scholes model to determine the fair value of the foreign exchange derivative contracts. The inputs considered in this model include the theoretical value of a call option, the underlying spot exchange rate as of the balance sheet date, the contracted price of the respective option contract, the term of the option contract, the implied volatility of the underlying foreign exchange rates and the risk-free interest rate as of the balance sheet date.

At amortised cost:
**The fair values of the interest-bearing borrowings and loans of Restricted Group are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2025 was assessed to be insignificant.

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(All amount in INR millions, unless otherwise stated)

35. Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2025:

	Carrying Value	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortised cost				
Non-current trade receivables	4	-	-	4
Non-current security deposits	7	-	-	7
Performance bank guarantee receivable	12	-	-	12
Non-current loans to holding company (including interest accrued)	8,415	-	-	8,415
Non-current loans to fellow subsidiaries (including interest accrued)	624	-	-	624
Non-current term deposits	6	-	-	6
Financial assets measured at fair value				
Derivative instruments at fair value through OCI	4,243	-	4,243	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2025:

	Carrying Value	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at amortised cost				
3.575% Senior Notes (including current maturities & interest accrued)	25,030	-	-	23,791
Loans from holding company	120	-	-	120
Financial liabilities at fair value				
Derivative instruments at fair value through OCI	1,513	-	1,513	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2024:

	Carrying Value	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortised cost				
Non-current trade receivables	40	-	-	40
Non-current security deposits	9	-	-	9
Performance bank guarantee receivable	10	-	-	10
Non-current loans to holding company (including interest accrued)	208	-	-	208
Non-current loans to fellow subsidiaries (including interest accrued)	78	-	-	78
Non-current term deposits	5	-	-	5
Financial assets measured at fair value				
Derivative instruments at fair value through OCI	2,001	-	2,001	-

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2024:

	Carrying Value	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at amortised cost				
3.575% Senior Notes (including current maturities & interest accrued)	27,272	-	-	24,371
Financial liabilities at fair value				
Derivative instruments at fair value through OCI	501	-	501	-

There have been no transfers between Level 1 and Level 2 during the year.

The management assessed that fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, contract assets, loans, other receivables, receivable from related parties, security deposits received, current borrowings, interest accrued, payable for capital goods, trade payables and security deposits paid as applicable approximate their carrying amounts largely due to the short-term maturities of these instruments.

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36. Financial risk management objectives and policies

The financial liabilities of respective entities under Restricted Group - III comprise loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the respective Restricted Group - III entities' operations. The Restricted Group's - III principal financial assets include loans, trade and other receivables, cash and cash equivalents, deposits with banks and other financial assets, as applicable.
The Restricted Group - III entities are exposed to market risk, credit risk and liquidity risk. The senior management of respective Restricted Group - III entities oversees the management of these risks. The Board of Directors of respective Restricted Group - III entities reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following sections relate to the position as at March 31, 2025 and March 31, 2024.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Restricted Group's exposure to the risk of changes in market interest rates relates primarily to the Restricted Group III's long-term debt obligations with floating interest rates.

Financial instruments primarily comprise of USS Senior Notes, loans to related parties, term deposits, lease liabilities which are fixed interest bearing. Remaining financial assets and liabilities are non-interest bearing.

The exposure of the Restricted Group III's financial instruments as at March 31, 2025 to interest rate risk is as follows:

As at March 31, 2025	**Fixed rate financial instruments**	**Non-interest bearing**	**Total**
Financial assets	9,845	8,674	18,519
Financial liabilities	26,185	1,926	28,111

The exposure of the Restricted Group III's financial instruments as at March 31, 2024 to interest rate risk is as follows:

As at March 31, 2024	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	9,434	6,421	15,855
Financial liabilities	28,337	1,060	29,397

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Restricted Group entities are exposed to foreign currency risk arising from changes in foreign exchange rates on foreign currency loan and derivative financial instruments. The Restricted Group entities enters into foreign exchange derivative contracts to mitigate fluctuations in foreign exchange rates in respect of these loans.

The following table analyses foreign currency risk from financial instruments relating to USD as of March 31, 2025 and March 31, 2024:

	As at March 31, 2025	As at March 31, 2024
Borrowings		
3.575% Senior Notes*	25,030	27,272

* Including interest accrued but not due on borrowings of INR 105 million (March 31, 2024: INR 108 million).

The following table analyses foreign currency risk from financial instruments relating to EURO as of March 31, 2025 and March 31, 2024:

	As at March 31, 2025	As at March 31, 2024
Receivables#	1	-

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD/INR exchange rates, with all other variables held constant. The impact on the Restricted Group - III profit before tax is due to changes in the fair value of monetary liabilities.

	Change in USD rate		**March 31, 2025**		March 31, 2024
Effect on profit before tax (in INR)	+/(-)5%	(-)/+	1,252	(-)/+	1,364

As the Restricted Group has entered into foreign exchange derivatives contract to mitigate the foreign exchange fluctuation risk, these derivatives act as economic hedges and will offset the impact of any fluctuations in foreign exchange rates.

\# Since the outstanding receivables in EURO are not the significant, hence Foreign currency sensitivity has not been disclosed seperately.

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Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Restricted Group III entities are exposed to credit risk from their operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract asset

Customer credit risk is managed on the basis of Restricted Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored. The Restricted Group evaluates the concentration of risk with respect to trade receivable and contract assets as high. However, since the trade receivables and contract assets mainly comprise of state utilities/government entities, the Restricted Group does not foresee any material credit risk attached to receivables from such state utilities/government entities. The Restricted Group does not hold collateral as security.

Movement in expected credit loss on trade receivables during the year (refer note 4(g)):

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance	511	433
Changes in allowance for expected credit loss:		
Additional provision during the year (refer note 25)	16	112
Reversal of expected credit loss (refer note 21.2 and 47)	(325)	(34)
Closing balance	**202**	511

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Restricted Group's treasury department in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk is the risk that Restricted Group III entities will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of Restricted Group III entities to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to its reputation.

The Restricted Group III entities assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Restricted Group III has access to a sufficient variety of sources of funding and debt maturing within 12 months.
Borrowings of Restricted Group III include INR 24,925 million of senior notes which may be subject to refinancing risk, when they becomes due, as market conditions may not be possible to refinance the bonds at all or to refinance the bonds on favourable terms. In addition, hedges taken on these bonds are covered ranging from INR 88.5/US$ to INR 90.5/US$, which may expose Restricted Group III to additional hedging costs in the future.

The table below summarises the maturity profile of the Restricted Group III financial liabilities based on contractual undiscounted payments. The table below summarises the maturity profile of the Restricted Group III financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2025				
Lease liabilities	36	323	3,018	3,377
Borrowings*	3,475	22,996	-	26,471
Loans from Holding company	-	165	-	165
Trade payables	368	-	-	368
Other financial liabilities**	45	-	-	45
Total	**3,924**	**23,484**	**3,018**	**30,426**
As at March 31, 2024				
Lease liabilities	68	308	3,105	3,481
Borrowings*	4,037	25,691	-	29,728
Current borrowings	160	-	-	160
Trade payables	440	-	-	440
Other financial liabilities**	9	-	-	9
Total	4,714	25,999	3,105	33,818

*Including interest on borrowings
** Excluding interest accrued on borrowings as already considered under borrowings and loan from Holding Company

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37. Capital management

For the purpose of the Restricted Group - III capital management, capital includes issued equity share capital, securities premium, compulsorily convertible debentures and all other equity reserves attributable to the equity holders of the respective entities of Restricted Group - III. The primary objective of the Restricted Group - III capital management is to maximise the shareholder's value of the respective entity of Restricted Group - III.

The Restricted Group's manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if any. To maintain or adjust the capital structure, the Restricted Group's reviews the fund management at regular intervals and take necessary actions to maintain the requisite capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2025 and March 31, 2024.

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(All amount in INR millions, unless otherwise stated)

38. Employee Benefits

(a) Defined contribution plan

The entities in Restricted Group - III make contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The contribution by entities in Restricted Group - III to the Employee Provident Fund is deposited with the Regional Provident Fund Commissioner

The Restricted Group - III has recognised INR 4 million (March 31, 2024: INR 3 million) for provident fund contribution in the special purpose combined statement of profit and loss. The contribution payable to the plan by the Restricted Group - III is at the rate specified in the rules to the scheme.

(b) Defined benefit plan

Gratuity and other post-employment benefits

The Restricted Group - III has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets 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 recognised through reserve in the accounts of the entities of the Restricted Group - III.

The following tables summaries the components of net benefit expense recognized in the special purpose combined statement of profit and loss and the unfunded status and amounts recognized in the special purpose combined balance sheet.

Net employee benefit expense for the year ended:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	1	1
Net Interest cost	1	1
Net expense recognized in special purpose combined statement of profit and loss	**2**	2

Amount recognised in Other Comprehensive Income for the year ended:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Experience gains/ (losses)	-	-
Actuarial (loss)/gain recognized in the year	-	-

Balance Sheet figures as at:

	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation	11	9

Changes in the present value of the defined benefit obligation for the year ended:

	As at March 31, 2025	As at March 31, 2024
Present value of obligation as at the beginning	9	8
Current service cost	1	1
Interest cost	1	1
Re-measurement (or Actuarial) (gain) / loss	-	-
Benefits paid	-	(1)
Present Value of Obligation as at the end	**11**	9
Current portion	3	2
Non-Current portion	8	7

The principal assumptions used in determining gratuity for the Restricted Group III plans are shown below:

	March 31, 2025	March 31, 2024
Discount rate	6.45%	7.09%
Employee turnover rate	28.00%	26.00%
Withdrawal rate (p.a.)	28.00%	26.00%
Salary Escalation Rate	10.00%	10.00%
Retirement age	58 years	58 years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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(All amount in INR millions, unless otherwise stated)

Risk exposure

Through its defined benefit plans, the Restricted Group III entities are exposed to a number of risks, the most significant of which are detailed below:

Discount rate- Increase /decrease in discount rate in subsequent valuations can decrease/increase the liability.

Salary escalation rate- Actual salary increases will increase the defined benefit liability Increase in salary increase rate assumption in future valuations which in turn also increase the liability

Withdrawal rate- Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact defined benefit liability.

A quantitative sensitivity analysis for significant assumption as at March 31, 2025 is as shown below:

	Discount rate		Discount rate	
	March 31, 2025		March 31, 2024	
	1 % increase	**1 % decrease**	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	(0)	0	(0)	0

	Salary Escalation Rate		Salary Escalation Rate	
	March 31, 2025		March 31, 2024	
	1 % increase	**1 % decrease**	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	0	(0)	0	(0)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The Restricted Group III does not have any plan assets. The Restricted Group - III has sufficient balance of Cash and cash equivalent to fund the liabilities that may arise in near future.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is is 4.30 years (March 31, 2024: 4.92 years).

Expected maturity analysis of the defined benefit plans in the next ten years are as follows:

	March 31, 2025	March 31, 2024
Within the next 12 months (next annual reporting period)	3	2
Between 2 and 5 years	7	6
Between 5 and 10 years	3	3
	13	11

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39. Significant accounting judgements, estimates and assumptions

The preparation of the Restricted Group - III special purpose combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements
In the process of applying the entity's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the special purpsoe combined financial statements:

(i) Revenue from Viability Gap Funding (VGF)
The Restricted Group - III 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 other operating revenue in proportion to the actual sale of solar energy kilowatts during the period to the total estimated sale of solar energy kilowatts during the tenure of the applicable power purchase agreement pursuant to the revenue recognition policy. (refer note 15, 17, 20 and 29)

(ii) Classification of leases:
The Restricted Group - III evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Restricted Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Restricted Group - III determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Restricted Group - III is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Restricted Group - III is reasonably certain not to exercise that option. In assessing whether the Restricted Group - III is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Restricted Group - III to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Restricted Group - III revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. (refer note 31)

B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Restricted Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Restricted Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next remaining useful life of the projects Restricted Group entities. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(ii) Hedging activities and derivatives
The Company has issued 3.575% Senior Notes during the previous year in August, 2021, listed on the Singapore Exchange Limited ("SGX"). The proceeds were used for repayment of loan of Restricted Group entities, in the form of intercompany Non-Convertible Debentures (NCD) and External Commercial Borrowings (ECB's) denominated in INR. The exchange rate risk on the proceeds invested from the US$ Senior Notes are hedged through cross currency swap for payment of coupons and through call spread option contracts for repayment of principal (collectively "Option contracts"). The Restricted Group designated these option contracts as a cashflow hedge. These options contracts mitigate the exchange rate risk associated with the forecasted transaction for semi-annual repayment of coupon and for repayment of the principal balance at the end of five years.

The cashflow from the underlying agreement match the terms of a hedge such as – notional amount, maturity of the option contracts, mitigation of exchange rate risk, and there are no significant changes in the counter party risk, hence they are designated as a cashflow hedge in accordance with Ind AS 109, Financial Instruments. (Refer note 33)

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(iii) Revenue estimate

Where power purchase agreements (PPAs) include scheduled price changes, revenue is recognized at lower of the amount billed or by applying the average rate to the energy output estimated over the term of the PPA. The determination of the lesser amount is undertaken annually based on the cumulative amount that would have been recognized had each method been consistently applied from the beginning of the contract term. The Restricted Group estimates the total kilowatt hour units expected to be generated over the entire term of the PPA. The contractual rates are applied to this annual estimate to determine the total estimated revenue over the term of the PPA. The Restricted Group then uses the total estimated revenue and the total estimated kilo-watt hours to compute the average rate used to record revenue on the actual energy output supplied. The Restricted Group compares the actual energy supplied to the estimate of the energy expected to be generated over the remaining term of the PPA on a periodic basis, but at least annually. Based on this evaluation, the Restricted Group reassesses the energy output estimated over the remaining term of the PPA and adjusts the revenue recognized and deferred to date. The difference between actual billing and revenue recognized is recorded as deferred revenue. (Refer note 29)

(iv) Taxes

Projects of Restricted Group 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 entity under Restricted Group - III generates power ("Tax Holiday Period"), however, the exemption is only available to the projects completed on or before March 31, 2017. The respective entity anticipates that it will claim the aforesaid deduction in the last ten years out of fifteen years beginning with the year in which the Restricted Group - III generates power and when it has taxable income. Due to the Tax Holiday Period, temporary differences between the book and tax basis of the Restricted Group's assets and liabilities do not have any tax consequences as they are expected to reverse within the Tax Holiday Period. (Refer note 19)

(v) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer note 34)

(vi) Provision for decommissioning

The Restricted Group has recognised provisions for the future decommissioning of solar power plants set up on leased land at the end of the lease term or expiry of power purchase agreement. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the leased land and the expected timing of those costs. The carrying amount of the provision as at March 31, 2025: INR 99 million (March 31, 2024: INR 91 million) (refer note 14.1). The Restricted Group - III estimates that the costs would be settled upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

► Estimated range of cost per megawatt– INR 0.52 million to INR 0.55 million (March 31, 2024: INR 0.49 million to INR 0.51 million)
► Discount rate – 10.0% p.a (March 31, 2024: 10.0% p.a.)
► Inflation rate – 8.0% p.a (March 31, 2024: 8.0% p.a.)

(vii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. Considering the applicability of Schedule II of the Companies Act, 2013, the management has re-estimated useful lives and residual value of all of its property, plant and equipment. The management believes that depreciation rates currently used fairly reflects its estimate of the useful lives and residual value of the property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

Based on legal opinion obtained, management is of the view that application of Central Electricity Regulatory Commission (CERC) and/or State Electricity Regulatory Commission (SERC) rates for the purpose of accounting of depreciation expense is not mandatory. Hence, Restricted Group is depreciating the assets based on life as determined by the management.

During the earlier years, the Restricted Group basis the technical assessment, had revised the useful life of solar power project assets i.e. solar power modules from 25 years to 35 years. These changes had been considered as change of accounting estimate as per Ind AS 8 (Accounting policies, change in accounting estimates and errors) and had been accounted for prospectively with effect from April 1, 2021. (refer note 5 and 23)

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(viii) Defined benefit plans (gratuity benefits)
The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 38.

(ix) Leases - Estimating the incremental borrowing rate
The Restricted Group - III cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Restricted Group - III would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Restricted Group - III 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Restricted Group - III estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. (Refer note 31)

(x) Key assumption about the likelihood and magnitude of an outflow of resources in case of Income Tax
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, legal interpretations of various other acts/laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Restricted Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(xi) Provision for expected credit losses (ECL) of trade receivables and contract assets
The Restricted Group - III follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Restricted Group - III to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. As concluded by the management that there is no risk of default from the DISCOMs/State Government bodies being a state government entities. Accordingly, no provision for default risk is required for receivables from DISCOM. As per the requirements of Ind AS 109, on subsequent measurement, the management while making ECL assessment considered the past experience with the Government of honouring its commitments and the strong capacity and ability of the Government to meet its contractual cash flow obligations.

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40. Standards notified but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. Below is the summary of the new standard or amendment to the existing standards notified by the MCA, applicable to the Restricted Group III as on date.

a) Effect of changes in forex rates- Lack of Exchangeability- Amendment to Ind AS 21

On 07 May 2025, the MCA has notified amendment to Ind AS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not exchangeable.

The Restricted Group III has evaluated the amendment and based on its evaluation has determined that it does not have any significant impact in its special purpose combined financial statements.

41. Other statutory information

(i) The Restricted Group - III do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Restricted Group - III do not have any transactions with companies struck off.

(iii) The Restricted Group - III do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Restricted Group - III have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Restricted Group - III have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of The Restricted Group - III (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Restricted Group - III have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Restricted Group - III do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Restricted Group - III has not been declared as a wilful defaulter by any bank, financial institution or any other lender.

(ix) The Restricted Group - III has used its specific borrowings for the specific purpose for which they were taken.

42. Whistle blower complaints

As the Restricted Group III has previously disclosed, the Parent Company and its consolidated subsidiaries (the "Group") received whistleblower complaints and initiated internal investigations headed by the Audit and Risk Committee of the Parent Company (the "ARC Investigation") and a Special Committee of Board of Directors of the Parent Company established in August 2022 (the "Special Committee Investigation"). None of those allegations pertain to the Restricted Group and therefore no adjustment was required to be made in the books on account. At the direction of the Board of Directors of the Parent Company, external counsel for the committees initiated a voluntary self-disclosure on behalf of the Parent Company to the U.S. Department of Justice and the U.S. Securities and Exchange Commission (the "U.S. Government"). The Parent Company continues to cooperate with the U.S. Government's investigations. The ARC Investigation was concluded in the previous 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.

Further Management of the Group, under the supervision of the Parent 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 Parent Company's Audit and Risk Committee of the effectiveness of the remedial efforts and overall reporting framework. The internal controls over financial reporting of the Group have been assessed to be effective during the year ended March 31, 2025.

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43. The Restricted Group - III entities is in process of conducting a transfer pricing study as required by the transfer pricing regulations under the income tax act ('regulations') to determine whether the transactions entered during the year ended March 31, 2025 with associated enterprises were undertaken at arms length price. The Management confirms that all the transactions with associate enterprises are undertaken at arm length prices and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

44. As per the provision of the Companies Act, 2013, a company is required to convene the Annual General Meeting ("AGM") for adoption of its annual audited financial statements within the six months from the end of each financial year, i.e. September 30 ("Due Date"). The Registrar of Companies ("ROC") granted three months extensions to the Company to hold the AGMs for financial year 2021-22 and 2022-23 on or before December 31, 2022, and December 31, 2023, respectively. Considering the delay in closure of audit due to the then ongoing investigations (refer note 42), the AGM for financial year 2021-22 and 2022-23 were held in February 2024 and May 2024 & June 2024 respectively, i.e. after the extension granted by ROC.
The Company has successfully filed the compounding application with the ROC in December 2024. As of the reporting date, the application is pending disposal with the Regional Director and the Management believes that the financial impact of the same is not material.

45. During August 2021, the the Azure Power Energy Ltd ("APEL") issued 3.575% Senior Notes ("3.575% Senior Notes" or "Green Bonds") and raised US$ 414,000,000. 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 interest on the 3.575% Senior Notes is payable on a semi-annual basis and the principal amount is payable in 10 instalments starting from February 2022.

On December 14, 2023, APEL completed a consent solicitation (the "Consent Solicitation") in respect of the 3.575% Senior Notes. The Company sought the consent of the Noteholders to amend certain terms of the indenture dated as of August 19, 2021 (the "Notes Indenture"). The purpose of the consent solicitation was to: (i) undertake to make tender offers to purchase an outstanding principal amount of US$ 12,000,000 of the Senior Notes by March 25, 2024 and an outstanding principal amount of US$ 8,000,000 of the Senior Notes by August 26, 2024; and (ii) make certain amendments and provide certain confirmations with respect to the reporting covenant of the Indenture (the "proposed amendments").

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

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

Further, as per the terms of the amended Indentures, Company launched tender offers for the Senior Notes on February 16, 2024. The early deadline of the tender offers was on March 01, 2024 and Company purchased US$ 12,000,000 of the Senior Notes on March 11, 2024. The second tranche of tender offer was launched on July 16, 2024 and Company purchased US$ 8,000,543 of the Senior Notes on August 08, 2024.

46. During the current year, the operations in one of the Restricted entity, namely, Azure Power Eris Private Limited were severely impacted by floods. Due to this the plant's availability was affected temporarily since September 2024 which resulted in decline in revenue during the current year. The Restricted Group - III also recognised loss on property, plant and equipment due to the damage and recognised net loss of INR 17 millions. Subsequent to the year end, the plant resumed operations from May 2025 onwards.

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47. Subsequent event:

In relation to one of the Restricted entity, namely, Azure Sunrise Private Limited, the Restricted Group - III has an outstanding receivable from Chamundeshwari Electricity Supply Company Limited (CESCOM), which has been under dispute and the subject matter of legal proceedings before the Appellate Tribunal for Electricity (APTEL).

Subsequent to the year end, the APTEL vide order dated May 30, 2025, has directed CESCOM to pay the differential amount between the cost of energy calculated at a PPA 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 including payment of interest in accordance with the Late Payment Surcharge (LPS) mechanism and refund of any liquidated damages that may have been recovered by CESCOM.

Against the above APTEL order, the CESCOM had filed an appeal before the Hon'ble Supreme Court which was dismissed on July 15, 2025.

Following the dismissal of the appeal, both the parties has amicably agreed upon the final settlement amount. Accordingly, as at March 31, 2025, the Restricted Group III has recognised the differential Revenue of INR 247 million on account of rate difference, Late Payment Surcharge of INR 855 million and reversal of specific expected credit loss earlier recognised of INR 325 million under statement of profit & loss in the financial statements.

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For and on behalf of Restricted Group

Jean Eric Warren Bignoux
As Alternate to Muhammad Khalid Peyrye
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Gowtamsingh Dabee
Director
Place : Ebene, Mauritius
Date : July 30, 2025

Year ended March 31, 2025 Special Purpose Combined Financial Results:

Operating Results

Revenue from operations

Operating revenue for the year ended March 31, 2025 was INR 5,774 million, a decrease of INR 249 million or 4% from INR 6,023 million as compared to the year ended March 31, 2024. This decrease was on account of lower generation mainly due to higher irradiation losses and availability of two of our plants being affected temporarily due to floods and equipment failure, off set by additional revenue recognised on account of difference in tariff (Refer note 47).

Other income

Other income for the year ended March 31, 2025 was INR 1,446 million, an increase of INR 1,273 million or 736% from INR 173 million as compared to the year ended March 31, 2024. The increase was primarily on account of Late Payment Surcharge Income amounting to INR 855 million (refer note 47), reversal of specific expected credit loss earlier recognised of INR 325 million (refer note 47) and insurance claim received for business interruption of INR 107 million for one of the plant.

Employee benefits expense

Employee benefits expenses during the year ended March 31, 2025 was INR 75 million, an increase of INR 6 million or 9% from INR 69 million as compared to the year ended March 31, 2024.

Operating expenses (exclusive of depreciation and amortisation)

Operating expenses for the year ended March 31, 2025 was INR 1,135 million, an increase of INR 380 million or 50% from INR 755 million as compared to the year ended March 31, 2024. The increase was primarily on account of inter-company loan (including interest accrued) written off amounting to INR 339 million, assets written down due to discrepancies identified during physical verification of the property, plant and equipment amounting to INR 63 million, loss on disposal/ transfer of property, plant and equipment to fellow subsidiaries of INR 47 million, provision on certain intercompany loans balances of INR 18 million, offset by decrease in allowance of doubtful trade receivables by INR 96 million.

Depreciation expense

Depreciation expense during the year ended March 31, 2025 was INR 1,033 million, a decrease of INR 6 million or 1% from INR 1 INR 1,039 million as compared to the year ended March 31, 2024.

Interest income

Interest income during the year ended March 31, 2025 was INR 962 million, an increased of INR 4 million or 0.5% from INR 958 as compared to the year ended March 31, 2024, primarily on account of increase in interest income on Loan to holding company/fellow subsidiaries of INR 232 million, offset by decrease in interest income from term deposit of INR 142 million, a reduction of INR 58 million due to impact of revenue straight lining impact and decrease of INR 28 million in other interest income.

Finance costs

Finance costs during the year ended March 31, 2025 was INR 2,257 million, a decreased of INR 322 million or 12% from INR 2,579 million as compared to the year ended March 31, 2024, primarily on account of lower notional hedge related cost of INR 373 million on 3.575% solar green bonds and impact of INR 108 million on account of repayments, offset by increase of interest expense due to impact of revenue straight lining amounting to INR 95 million and an increase of INR 57 million in the amortisation of debt financing cost.

Tax expense

Tax benefit during the year ended March 31, 2025 was INR 460 million, a decrease of INR 1,394 million or 149% from tax expense of INR 934 million as compared to the year ended March 31, 2024.

During the current year, current tax expense for the year ended March 31, 2025 increased by INR 73 million compared to the year ended March 31, 2024 which comprise primarily on account MAT created amounting to INR 149 million, offset by reduction in tax

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rate on account of adoption of lower tax benefit by certain entities during the current year, and income tax adjustment pertaining to earlier years of INR 50 million for the year ended March 31, 2025.

During the current year, a deferred tax benefit of INR 1,169 million was recognized, compared to a deferred tax expense of INR 248 million in the previous year. This benefit primarily on account of recognition of deferred tax assets on expected interest expense allowance in future years under Section 94B of the Income Tax Act, 1961.

Net profit after tax

Net profit after tax was INR 4,142 million for the year ended March 31, 2025, an increase of INR 2,364 million or 133%, from INR 1,778 million as compared to the year ended March 31, 2024. Increase in profit is primarily due to increase in other income, increase in deferred tax benefit, decrease in finance cost offset by reduction in revenue from operations, increase in other expenses.

Cash Flow Discussion

Fiscal Year Ended March 31, 2025 Compared to Fiscal Year Ended March 31, 2024

The following table reflects the changes in cash flows of the Restricted Group for fiscal years ended March 31, 2024 and 2025 derived from the Restricted Group financial statements prepared using recognition and measurement principles of Ind AS and the guidance note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accountants of India (ICAI):

	For Fiscal Year Ended March 31,		
Cash Flow Data	**2025**	**2024**	**Change**
	INR	**INR**	**INR**
	(In millions)	**(In millions)**	**(In millions)**
Net cash flows from operating activities	3,982	5,479	(1,497)
Net cash flows used in investing activities	1,838	(258)	2,096
Net cash flows used in financing activities	(5,800)	(5,487)	(313)

Cash flows from operating activities

Cash generated from operating activities for the year ended March 31, 2025 decreased to INR 3,982 million, as compared to INR 5,479 million during the year ended March 31, 2024, primarily on account of working capital changes by INR 1,471 million, offset by INR 111 million due to lower income tax paid in current year.

Cash flows from/ (used in) investing activities

Cash generated from investing activities for the year ended March 31, 2025 increased to INR 1,838 million, as compared to cash used of INR 258 million during the year ended March 31, 2024, primarily on account of proceeds from bank deposits upon maturity of INR 1,244 million and a net reduction of INR 843 million in loans given to the holding company and fellow subsidiaries, including loan repayments received during the year.

Cash flows used in financing activities

Cash used in financing activities for the year ended March 31, 2025 increased to INR 5,800 million, as compared to INR 5,487 million during the year ended March 31, 2024, primarily on account of dividend paid during the current year amounting to INR 1,089 million, offset by higher hedging charges and payment of transaction cost on consent solicitation of INR 541 million paid during the previous year.

Liquidity Position

As of March 31, 2025, Restricted Group had INR 1,057 million of cash, cash equivalents and other bank balances.

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Combined Earnings before interest, tax and depreciation (EBITDA)

Combined EBITDA of Restricted Group was INR 6,010 million for the year ended March 31, 2025, compared to INR 5,372 million during the year ended March 31, 2024. The increase in EBITDA was primarily due to recognition of revenue on account of differential tariff. Late Payment Surcharge and reversal of specific expected credit loss following settlement with CESCOM offset by decrease in revenue from operations from other entities and intercompany loan (including interest accrued) written off.

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