ANNUAL REPORT

For the Financial Year ended on March 31, 2021

AZURE POWER INDIA PRIVATE LIMITED

CIN: U40106DL2008PTC174774

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Barney Sheppard Rush
Director -Independent Capacity/ Chairman of the Board

Mr. Ranjit Gupta
Managing Director & Chief Executive Officer

Mr. Cyril Sebastien Dominique Cabanes
Nominee Director

Mr. Arno Lockheart Harris
Director – Independent Capacity

Ms. Supriya Prakash Sen
Director -Independent Capacity

Mr. Deepak Malhotra
Nominee Director

Mr. Mangalath Unnikrishnan
Nominee Director

CHIEF OPERATING OFFICER

Mr. Murali Subramanian

CHIEF FINANCIAL OFFICER

Mr. Pawan Kumar Agrawal

COMPANY SECRETARY

Mr. Kapil Sharma

STATUTORY AUDITORS

M/s MSKA & Associates
Chartered Accountants
Gurugram, Haryana
FRN:105047W

COST AUDITORS

M/s Saurabh Mishra & Associates
Cost Accountants
Shakarpur, New Delhi
FRN: 002680

SECRETARIAL AUDITORS

M/s Abhishek Gupta & Associates
Practicing Company Secretary
Karol Bagh, New Delhi
M. No: 9857

REGISTERED OFFICE

5th Floor, Southern Park, D-II
Saket Place, Saket, New Delhi
South Delhi-110017

We have lowered our cost of solar energy through value engineering, operational performance monitoring and efficient financial strategy. This allows us to deliver cost-effective energy for our customers. Our in-house EPC expertise lowers system costs and our advanced in-house operations and maintenance capability allows us to increase power yields and monitor project performance near real-time. Coupled with our efficient financial strategy, we believe that we are able to offer low-cost solar power solutions at high efficiency yields.

Our Values

Entrepreneurship

We passionately challenge the status-quo by encouraging bold thinking, taking new initiatives and exploring unconventional ideas.

Excellence

To us "Excellence" means standing out, striving for perfection in everything we do.

Honesty

"Honesty" to us means sincerity, truthfulness, being fair & loyal with integrity.

Social Responsibility

We are committed to care for society and the environment through all our actions.

Total Capacity	Operational Capacity	Under Construction	Pipeline Projects
7115 MWs	2183 MWs	977 MWs	4000 MWs

- Punjab 2
- Punjab 1
- Rajasthan 3
- Gujarat 1
- Rajasthan 1
- Rajasthan 2
- Karnataka 1
- Uttar Pradesh 1
- Chhattisgarh 1
- Delhi 1
- Rajasthan 4
- Punjab 3
- Andhra Pradesh 1
- Punjab 4
- Karnataka 2
- Karnataka 3
- Andhra Pradesh 2
- Telangana 1
- Gujarat2
- Karnataka4
- Rajasthan 5
- Maharashtra 3
- Maharashtra 1

7+
Million Tonnes CO2 Avoided (Effectively Carbon "Neutral Company")

40
Percent Water Saved Per Unit of Electricity Generated in Fiscal Year 2020

70,000+
Beneficiaries of Social Investment

18,000+
Local Jobs Created

16,000+
Man-hours Trained in Fiscal Year 2020

NOTICE

Notice is hereby given that the **14th Annual General Meeting** (“**AGM**”) of the Members of Azure Power India Private Limited (“**Company**”) will be held on **Thursday**, the **30th day of September 2021, at 05:30 P.M. (IST)** at the registered office address at 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi - 110017 to transact the following businesses:

A. ORDINARY BUSINESS ITEMS

1. TO CONSIDER AND ADOPT THE ANNUAL REPORT OF THE COMPANY FOR THE PERIOD ENDED ON 31st MARCH 2021

To consider and if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolution:

"**RESOLVED THAT** the Audited Standalone and Consolidated Financial Statements for the period ended on 31st March 2021, together with the schedules and notes attached thereto, along with the Reports thereon of the Director’s and the Auditor’s, as circulated to the Members and laid before the meeting be and are hereby considered and adopted.”

2. TO RATIFY THE APPOINTMENT OF M/S MSKA & ASSOCIATES, CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS OF THE COMPANY

To consider and if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the “**Act**”) and the Companies (Audit & Auditors) Rules, 2014 (“**Rules**”) (including any statutory enactment or modification thereof, for the time being in force), the Company hereby ratifies the appointment of M/s MSKA & Associates, Chartered Accountants, (Firm Registration No. 105047W), as Statutory Auditors of the Company, who was appointed to hold the office from the conclusion of Annual General Meeting (AGM) held on September 25, 2019 till the conclusion of AGM of the Company to be held for the financial year 2023-24, subject to the ratification of Shareholders at each such AGM, at such a remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the CFO and the Auditor.**”**

3. TO RE-APPOINT RETIRING DIRECTORS

To consider and if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolution:

3.1 “RESOLVED THAT Mr. Deepak Malhotra be and is hereby re-elected as Nominee Director on the Company’s Board of Directors.

3.2 “RESOLVED THAT Ms. Supriya Prakash Sen be and is hereby re-elected as Non-Executive Director on the Company’s Board of Directors.

B. <u>SPECIAL BUSINESS ITEMS</u>

4. <u>RATIFICATION OF REMUNERATION OF COST AUDITORS FOR FINANCIAL YEAR 2021-22.</u>

To consider and if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Board of Directors, the members hereby approve and ratify, the appointment and remuneration payable to M/s Saurabh Mishra & Associates, Cost Accountants (Registration No. 002680) as the Cost Auditors of the Company for the Financial Year 2021-22 as fixed by the Board or CFO of the Company."

By order of the Board of Directors

For **Azure Power India Private Limited**

Kapil Sharma
Company Secretary

Place: New Delhi
Date: 08.09.2021

NOTES:

1) A member (other than body corporates) who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/ her and the proxy need not to be a member of the company whereas the body corporates are entitled to appoint their authorised representatives to attend the AGM and cast their votes through show of hands. A proxy form duly filled and signed shall be delivered to Mr. Kapil Sharma by e-mail at cs@azurepower.com or by mail at 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi, South Delhi-110017, not later than 05:30 P.M. of 28th September, 2021.
2) Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and handover the slip at the entrance to the place of the meeting.
3) All documents referred in the notice are open for inspection at the Registered Office of the company between 10 A.M. to 3 P.M. on any working day prior to the date of the Annual General Meeting.
4) The explanatory statement as required under section 102(1) of the Companies Act, 2013 in respect of special business is annexed hereto and forms an integral part of the notice as **Annexure-A.**
5) Route Map showing directions to reach to the venue of the AGM is annexed at the end of this Notice.

Annexure-A

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED AT THE AGM, PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.4

Pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Cost Audit and Records) Rules, 2014 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications thereof, for the time being in force), the Board of Directors of the Company at their meeting held on 26th August, 2021, had appointed M/s Saurabh Mishra & Associates, Cost Accountants (Registration No. 002680) as the Cost Auditors to conduct an audit of the Cost Records of the Company for the Financial Year 2021-22, as well as authorised CFO of the Company to fix the remuneration to be paid to the Cost Auditors.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors is required to be approved and ratified by the shareholders of the Company. The Board of Directors of the Company, therefore, recommends that the Resolution No. 4 to be passed as an Ordinary Resolution by the members.

None of the Director of the Company or their relatives are, in any way, concerned or interested in the above said matter at item no. 4.

By order of the Board of Directors

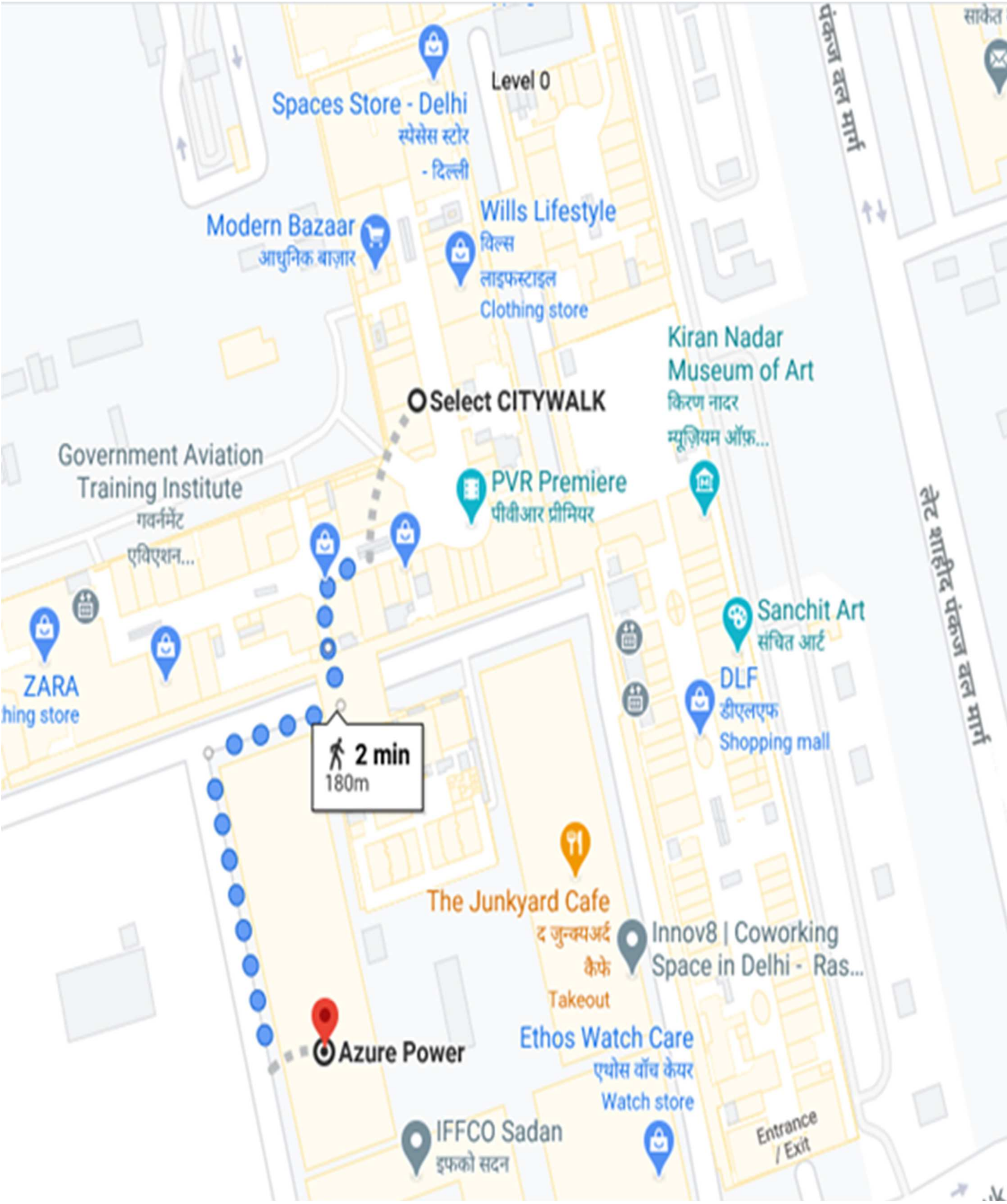
For **Azure Power India Private Limited**

Kapil

Kapil Sharma
Company Secretary

Place: New Delhi
Date: 08.09.2021

ROUTE MAP



Level 0
Spaces Store - Delhi
स्पेसेस स्टोर - दिल्ली
Modern Bazaar
आधुनिक बाज़ार
Wills Lifestyle
विल्स लाइफस्टाइल
Clothing store
Kiran Nadar Museum of Art
किरण नादर म्यूज़ियम ऑफ़...
Select CITYWALK
Government Aviation Training Institute
गवर्नमेंट एविएशन...
PVR Premiere
पीवीआर प्रीमियर
Sanchit Art
संचित आर्ट
ZARA
hing store
DLF
डीएलएफ
Shopping mall
2 min
180m
The Junkyard Cafe
द जुन्क्यर्द कैफे
Takeout
Innov8 | Coworking Space in Delhi - Ras...
Ethos Watch Care
एथोस वॉच केयर
Watch store
Azure Power
IFFCO Sadan
इफको सदन
Entrance / Exit
पंकज वल मार्ग

Form No. MGT-11

Proxy form

[*Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (*Management and Administration*) Rules, 2014]*

CIN: U40106DL2008PTC174774

Name of the Company: AZURE POWER INDIA PRIVATE LIMITED

Registered office: 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi, South Delhi-110017

Name of the Member(s):
Registered address:
E-mail Id:
Folio No/ Client ID:
DP ID:

I/ We being the member of Azure Power India Private Limited, holding________________equity shares, hereby appoint

1. Name:
   Address:
   E-mail Id:
   Signature: or failing him

2. Name:
   Address:
   E-mail Id:
   Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the members of the Company, to be held on September 30, 2021 on Thursday at 05:30 P.M. (IST) at the registered office of the Company at 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi - 110017, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To consider and adopt the Annual Report of the company for the period ended on 31st March 2021.

2. To ratify the appointment of M/s MSKA & Associates, Chartered Accountants as Statutory Auditors of the Company.

3. To re-appoint retiring Directors.

4. Ratification of remuneration of Cost Auditors for Financial Year 2021-22.

Affix Revenue Stamp of INR 1/-

Signed this …..…day of……………………2021

Signature of Shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and delivered by e-mail at cs@azurepower.com or at the registered office of the Company, not later than 05:30 P.M. of 28th September, 2021.

ATTENDANCE SLIP

(To be presented at the entrance)
14th Annual General Meeting to be held on Thursday, September 30, 2021 at 05:30 P.M. (IST) at
5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi - 110017

Folio No./DP ID & Client ID:

No. of shares held:

Name & Address of the Member: Signature:

Name of the Proxyholder: Signature:

I hereby record my presence at the 14TH ANNUAL GENERAL MEETING.

____

Signature of the attending Member/Proxy

Note:
Only Member/Proxyholder can attend the Meeting.
Member/Proxyholder should bring his/her copy of the Notice for reference at the Meeting.

To
The Members,
Azure Power India Private Limited

Your directors have pleasure in submitting Annual Report of the Company on the business and operations along with the audited financial statements for the financial year ended on March 31, 2021 (the "**year under review**").

1. **Financial summary or highlights/performance of the company:**

The Company's financial performance as on March 31, 2021, is summarized as follows:

Particulars	For the year ended on March 31, 2021 (INR in Lakhs)	For the year ended on March 31, 2020 (INR in Lakhs)	For the year ended on March 31, 2021 (INR in Lakhs)	For the year ended on March 31, 2020 (INR in Lakhs)
	Standalone		Consolidated	
REVENUE FROM OPERATIONS				
Sale of Power	26,319	20,446	147,845	127,073
Construction Revenue	923	81,158	-	53
Services Rendered	9,707	12,534	9	1,871
Other operating revenue				
Viability gap funding income	-	2	1,057	1,179
Carbon credit emission income	420	-	1,029	-
Government grants related to assets	-	-	81	66
Total Revenue from Operations	**37,369**	**114,140**	**150,021**	**130,242**
Other Income	2,043	907	2,604	1,456
Finance Income/Interest Income	11,879	8,567	4,945	5,399
Total Revenue	**51,291**	**123,614**	**157,570**	**137,097**
EXPENSES				
Construction, sub-contracting and other site expenses	758	74,057	612	39
Employee benefits expense	17,744	10,365	19,153	9,564
Depreciation and amortization expense	10,798	10,769	57,305	50,906
Impairment loss	-	-	7,565	-
Finance cost	28,913	27,067	96,582	91,115
Other expenses	24,977	10,889	18,408	24,168
Total expenses	**83,190**	**133,147**	**199,625**	**175,792**
Profit/(Loss) before tax	**(31,899)**	**(9,533)**	**(42,055)**	**(38,695)**
Total Tax Expense/ (Tax Benefit)	(7,969)	(7,860)	(6,178)	(13,861)
Profit/(Loss) after tax	**(23,930)**	**(1,673)**	**(35,877)**	**(24,834)**
Total comprehensive income/ (expense/loss)	**(24,542)**	**(2,221)**	**(36,893)**	**(25,398)**

2. **Financial Performance and State of company affairs:**

Standalone Financial Details:

Total Revenue from operations for the financial year 2020-21 stood at INR 37,369 lakhs, decreased by 67.26% over the last financial year (INR 114,140 lakhs in 2019-20). Net Loss after tax for the financial year 2020-21 was INR 23,930 lakhs as compared to net loss after tax of INR 1,673 for the financial year 2019-20.

Consolidated Financial Details:

Total Revenue from operations for the financial year 2020-21 stood at INR 150,021 lakhs, increased by 15.19% over the last financial year (INR 130,242 lakhs in 2019-20) on account of new plants being made operational during the year. Net Loss after tax for the financial year 2020-21 was INR 35,877 lakhs as compared to loss after tax of INR 24,834 lakhs in the financial year 2019-20.

Industry Overview & Economic Outlook

According to the Central Electricity Authority, Indian renewable capacity installed reached 95 GW at the end of April 30, 2021 with a target to achieve 175 GW of installed solar capacity by 2022. Keeping in view India's commitment for a healthy planet with a less carbon intensive economy, in 2015 the Government of India (the "Government" or "GOI") decided that 175 GW of renewable energy capacity will be installed by the year 2022. This includes 100 GW from solar, 60 GW from wind, 10 GW from biomass and 5 GW from small hydro power. In 2020, Prime Minister of India announced that India's renewable energy capacity will seek to achieve a target of 450 GWs by year 2030. The substantial higher capacity target will ensure greater energy security, improved energy access and enhanced employment opportunities. With the accomplishment of these ambitious targets, India will become one of the largest Green Energy producers in the world, surpassing several developed countries.

India is one of the most populous democracy in the world with a population of around 1.4 billion. India's real GDP contracted by 8.7% in 2020 on the back of a COVID-19 induced economic crisis. The Indian economy recorded growth in the six months ended March 31, 2021, following negative growth in the six months ended September 30, 2020. According to the revised estimates of Reserve Bank of India, India's projected GDP grew 0.4% in the third quarter of fiscal year 2021. (Source: https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPRA202113A99DAD95344334BF6145CCBB26A744.PDF).

An efficient, resilient, and financially robust power sector is essential for the growth of the Indian economy. A series of reforms in the 1990s and the Electricity Act 2003 have moved the Indian power sector towards being a competitive market with multiple buyers and sellers supported by regulatory and oversight bodies. India's annual per capita electricity consumption reached 1.2 MWh in fiscal year 2019-2020. (Source: https://cea.nic.in/wp-content/uploads/executive/2021/02/exe_summary.pdf). Although the annual per capita power consumption of India has grown significantly from 0.8 MWh in fiscal year 2010-11 to 1.2 MWh in 2019-20, it is among the lowest in the world. (Source: https://cea.nic.in/wp-content/uploads/executive/2021/02/exe_summary.pdf). According to the International Energy Agency, the annual per capita electricity consumption of India was 1.0 MWh in fiscal year 2018, whereas countries like China and the United States had a per capita electricity consumption of 4.9 MWh and 13.1 MWh, respectively, in fiscal year 2018. (Source: http://energyatlas.iea.org/#!/tellmap/-1118783123). There are various factors such as electrification rates, purchasing power, market saturation and electrical heating or cooling requirements, which impacts the per capita consumption levels globally. The electricity consumption and peak demand have grown at a CAGR of 5.0% and 4.6%, respectively, in the last 10 years (February 2011 to February 2021).
(Source: https://cea.nic.in/wp-content/uploads/executive/2021/02/exe_summary.pdf)

Electricity demand is expected to rise in the future due to increased electrification. Major efforts are being taken by the Government to meet the targets of renewable energy in the country, including:

- permitting Foreign Direct Investment up to 100 percent under the automatic route;
- strengthening the terms of PPAs; introduction of guidelines on power curtailments, policies on tariff adoption, force majeure event guidelines;
- mandating the requirement of Letter of Credit ("LC") as payment security mechanism by distribution licensees for ensuring timely payments to renewable energy generators;
- setting up of Ultra Mega Renewable Energy Parks to provide land and transmission on plug and play basis to investors;
- waiver of Inter State Transmission System ("ISTS") charges and losses for inter-state sale of solar and wind power for projects to be commissioned by June 30, 2023;
- notification of standard bidding guidelines to enable distribution licensee to procure solar and wind power at competitive rates in cost effective manner;
- declaration of trajectory of Renewable Purchase Obligation ("RPO") for Solar as well as Non-solar, uniformly for all States/ Union Territories, reaching 21% of RPO by 2022 with 10.5% for solar based electricity;
- laying of transmission lines under the Green Energy Corridor Scheme for evacuation of Power in renewable rich states;
- launching of new schemes, such as, Pradhan Mantri Kisan Urja Suraksha evem Utthan Mahabhiyan ("PM-KUSUM"), for farmers to install solar pumps and grid connected solar and other renewable power plants in the country;
- setting up 12,000 MWs of grid connected solar photovoltaic ("PV") power projects for use by the Government and Government entities as part of the Central Public Sector Undertaking ("CPSU") Scheme Phase II to facilitate national energy security and environment sustainability for Government purposes;
- setting up scheme for procurement of blended wind power from 2500 MW ISTS connected projects;
- renewable energy projects with priority sector lending status for loans up to a limit of Rs 30 crore.
- launching of Production linked Incentive Scheme– 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage' for achieving manufacturing capacity of 50 Giga Watt Hour (GWh) of ACC and 5 GWh of "Niche" ACC with an outlay of INR 18,100 crores;
- launching of Production linked Incentive Scheme- 'National Programme on High Efficiency Solar PV Modules', aiming to build self sufficiency in Solar Modules.

Regulatory Updates

- ***Guidelines for Tariff Based Competitive Bidding Process for Procurement of Solar Power***

  The Ministry of Power has issued guidelines on August 3, 2017, as amended on September 25, 2020, for procurement of solar power through tariff based competitive bidding process ("**Competitive Bidding Guidelines**"). The Competitive Bidding Guidelines aim to enable the distribution licensees to procure solar power at competitive rates in a cost-effective manner.

  These Guidelines have been issued under the provisions of Section 63 of the Electricity Act for long term procurement of electricity, determined through the competitive bidding process, by the procurers, the distribution licensees, or the authorized representatives(s), or an intermediary procurer from grid-connected Solar PV PowerProjects having size of 5 MW and above or 50 MW and above, respectively. New Guidelines for Tariff Based Competitive Bidding Process will help to reduce risk, enhance transparency and increase affordability of Solar Power.

- ***Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The-Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from any other source or storage***

  The Ministry of Power has issued guidelines on July 22, 2020, as amended on November 3, 2020, and February 5, 2021, for procurement of round-the-clock power by DISCOMs from grid-connected renewable energy sources, complemented with firm power from any other source ("**Round-The-Clock Guidelines**"). The Round-The-Clock Guidelines mandate supply of at least 85% energy annually and 85% availability during peakhours, of which at least 51% of the annual energy offered corresponds to renewable energy power and the rest is from other sources. The obligation to supply energy during peak hours provides flexibility to DISCOMs and drives the need to integrate renewable energy with other sources.

- ***Central Electricity Regulatory Commission (Terms and Conditions of Tariff Determination fromRenewable Energy Sources) Regulations, 2020***

  CERC notified the Central Electricity Regulatory Commission (Terms and Conditions of Tariff Determination from Renewable Energy Sources) Regulations, 2020 (the "**Tariff Regulations 2020**") on June 23, 2020. These regulations came into force from July 1, 2020, and shall remain effective till March 31, 2023, unless reviewed earlier or extended by CERC. The Tariff Regulations 2020 superseded the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2017 with effect from July 1, 2020. Under the Tariff Regulations 2020, CERC has specified certain parameters for determination of tariff for new sources of renewable energy such as floating solar project, renewable hybrid energy project and renewable energy project with storage in addition to those covered in past tariff regulations. In case of renewable energy projects for which generic tariff has to be determined as per these regulations, it will be done through a tariff order at least one month before the commencement of the year for each year of the control period, which is from July 2020 to March 2023. The other tariff, which is project specific,shall be determined by the CERC on a case-to-case basis for, amongst others, solar PV power projects, floating solar projects, solar thermal power projects, renewable hybrid energy projects and renewable energy with storage projects.

- ***Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 ("CERC Transmission Charges Regulations 2020")***

  The CERC, pursuant to the notification dated May 4, 2020, has announced the CERC Transmission Charges Regulations 2020. As per the CERC Transmission Charges Regulations 2020, transmission charges and losses for the use of ISTS are not payable for solar power based projects whose useful life has been commissioned during the period from July 1, 2011 to June 30, 2017. The CERC Transmission Charges Regulations 2020 has come into force from November 1, 2020 and has superseded the CERC Transmission Charges Regulations 2010. On June 21, 2021, while superseding its notifications dated January 15, 2021, November 6, 2019 and August 5, 2020, the Ministry of Power*, inter alia*, exempted solar based generating projects commissioned until June 30, 2025 which were selling power to distribution licensees, whether under RPO or not, from the applicability of ISTS transmission charges for a period of 25 years from the date of commissioning of the power plants, provided the power has been competitively procured under the guidelines issued by the Central Government.

- ***ALMM List I notification, Notification dated March 10, 2021***

  The Govt. has notified its first list of approved Solar PV modules (List I) under the Approved List of Models and Manufacturers (ALMM) order. This has been a long awaited step for the domestic solar manufacturing industry and is considered to be equivalent to a non-tariff import barrier. Foreign solar PV manufacturers are absent from the first list.

- ***Basic custom duty imposition on solar cells & modules***

  The Government has notified its approval and decision to impose a basic customs duty ("BCD") of 40% on solar modules, and 25% on solar cells, with effect from April 1, 2022, to curb imports and promote domestic manufacturing. The Government further clarified that solar developers need to take this into account for bidding going forward, and that this BCD imposition shall no longer be considered to be a change in law event, for future bids.

- ***Inter-state transmission system waiver expiration***

  The Ministry of Power, in August 2020, waived inter-state transmission system ("ISTS)" charges and losses on all solar and wind projects commissioned before June 30, 2023. In January 2021, the Ministry of Power announced that it will not deprive renewable power projects of a waiver on charges and losses if they are commissioned after June 20, 2023, due to delays caused by the transmission provider or the government agency or due to force majeure.

- ***Production linked incentive (PLI) scheme***

  The PLI scheme was announced in the budget 2021-22. The Finance Minister announced capital Augmentation of Solar Energy Corporation of India Limited (SECI) and Indian Renewable Energy Development Agency Limited (IREDA). To give a further boost to the non-conventional energy sector, additional capital infusion of INR1,000 crores to Solar Energy Corporation of India and INR 1,500 crores to Indian Renewable Energy Development Agency will be provided.

- ***Integrated Day Ahead Market***

  Pursuant to a notification dated March 24, 2021, the Ministry of Power, India, an integrated day-ahead market ("**Integrated DAM**") is expected to be launched at the power exchanges with separate price formation for power generated from renewable energy and conventional power. According to this notification, the proposed market structure should allow the buyer to meet the RPO target by directly buying green power from the exchange. The notification is proposed to be implemented by June 30, 2021.

- ***Green Term Ahead Market***

  Indian Power Market commenced trading in Green Term Ahead Market (GTAM) on August 21, 2020. GTAM contracts will allow additional avenues to the RE generators for sale of renewable energy; enable Obligated entities to procure renewable power at competitive prices to meet their Renewable Purchase Obligations (RPO). Transactions through GTAM will be bilateral in nature with clear identification of corresponding buyers and sellers, there will not be any difficulty in accounting for RPO. GTAM contracts will be segregated into Solar RPO & Non-Solar RPO as RPO targets are also segregated. Energy scheduled through GTAM contract shall be considered as deemed RPO compliance of the buyer. This will also allow renewable energy rich states to trade the surplus power into the power exchange and RE deficit states would buy to balance their RPO targets.

External Environment

Due to the industry and geographic diversity of our projects, our operations are subject to a variety of rules and regulations. If we are not in compliance with applicable legal requirements, we may be subject to civil or criminal penalties and other remedial measures. Below are the principal laws and regulations currently governing the businesses of our Indian subsidiaries. The laws and regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

- The Electricity Act, 2003.
- The National Electricity Policy, 2005.
- The National Tariff Policy 2016.

- Guidelines for Tariff Based Competitive Bidding Process for Procurement of Solar Power.
- Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The-Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from any other source or storage.
- Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2020.
- Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010.
- Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2008 (the "CERC Open Access Regulations")
- Central Electricity Regulatory Commission (Grant of Connectivity, Long term Access and Medium-term Open Access in inter State Transmission and related matters) Regulations, 2009 ("CERC Connectivity & Access Regulations")
- Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 ("CERC Transmission Charges Regulations 2020")
- Central Electricity Regulatory Commission (Deviation settlement Mechanism and related matters) Regulations, 2014 ("F&S Regulations")
- Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 ("REC Regulations"
- The Ministry of New and Renewable Energy
- Jawaharlal Nehru National Solar Mission
- Viability Gap Funding Support from National Clean Energy Fund
- National Institute of Solar Energy ("NISE")
- Indian Renewable Energy Development Agency Limited
- Renewable Purchase Obligations
- Ujjwal Discom Assurance Yojana ("UDAY")
- Integrated Power Development Scheme
- Integrated Day Ahead Market
- Green Term Ahead Market
- Safety and Environmental Laws
- National Action Plan on Climate Change
- Labor Laws
- State Regulations
  a) Rajasthan Solar Energy Policy, 2019 (Rajasthan)
  b) Draft Karnataka Renewable Energy Policy 2021-2026 (Karnataka)
  c) Karnataka Solar Policy 2014-2021
  d) Karnataka Electricity Regulatory Commission (Terms and Conditions for Open Access) Regulations 2004 ("KERC Open Access Regulations")
  e) The Karnataka Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee and Renewable Energy Certificate Framework) Regulations 2011 ("KERC Regulations")
  f) (Punjab Solar Policy, 2012)
  g) APERC-Renewable Purchase Obligation (Compliance by purchase of Renewable Energy/ Renewable Energy Certificates) Regulation, 2017
  h) Andhra Pradesh Solar Power Policy, 2018
  i) Andhra Pradesh Electricity Regulatory Commission Regulatory Commission Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation Regulations, 2017
  j) Andhra Pradesh Renewable Energy Export Policy, 2020
  k) Gujarat Solar Power Policy, 2021
  l) Gujarat Electricity Regulatory Commission (Forecasting, Scheduling, Deviation Settlement and Related Matters for Solar and Wind Generation Sources) Regulations, 2019
  m) Uttar Pradesh Solar Energy Policy, 2017

n) Telangana Solar Power Policy 2015 ("Telangana Solar Policy")
o) Assam Solar Energy Policy, 2017 ("Assam Solar Policy")
p) Comprehensive Policy for Grid-connected Power Projects based on New and Renewable (Non-conventional) Energy Sources – 2015
q) Bihar Policy for Promotion of New and Renewable Energy Sources, 2017

COVID-19 Impact:

The COVID-19 pandemic's adverse impacts on the business, financial position, results of operations, and prospects of Azure Power group of Companies could be significant. The COVID-19 pandemic has created disruptions to the global economy and to the lives of individuals throughout the world. Governments, businesses, and the public have taken unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and other regulatory changes. The Government of India imposed a nationwide lockdown in India on March 25, 2020 which continued until May 31, 2020, while gradually relaxing restriction during the period. Due to this lockdown, construction work on our solar projects stopped for several weeks, which resulted in some impact to our construction timelines. A second wave of COVID-19 infections have severely impacted India in April, May and June 2021. This second wave in India has seen new peaks in daily cases, daily deaths, active cases and positivity rates. The second wave has resulted in significant strain on the health infrastructure in the country resulting in several states announcing lockdown measures. Due to this second wave of infection in India, several state governments including Maharashtra, Rajasthan and the National Capital Region announced partial lockdowns during the months of April, May and June 2021. These lock downs and the COVID-19 pandemic have impacted and continue to impact construction work on our projects and the availability of labor, components and material. Even after the lockdowns are lifted or eased, Azure Power group of Companies may continue to experience disruption in our construction activities and supply of components and materials till the supply chains are fully restored. Several of our employees have also been infected with the COVID-19 virus over in Fiscal 2021 and in Fiscal 2022 during the first and second wave. Accordingly, we have and may continue to lose key management and employee hours due to COVID-19 related illness and related issues.

Governments and organizations have broadly revised Gross Domestic Product ("GDP") growth forecasts downward in response to the economic slowdown caused by the spread of COVID-19 and it is possible that the COVID-19 outbreak may cause a prolonged economic crisis or recession. While the scope, duration and full effects of the second wave of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted global and domestic economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade and supply chains. While these impacts continue, they will result in sustained economic stress or recession in India and many of the risk factors could be exacerbated and such effects could have a material adverse impact on us in a number of ways related to liquidity, operations, customer demand, interest rate risk, and human capital, as described in more detail below.

a) **Liquidity Risk**. Our success may be affected by a variety of external factors that may affect the price or marketability of our products and services, including disruptions in the capital markets, changes in interest rates that may increase our funding costs, reduced demand for our solar products due to economic conditions and the various response of governmental and nongovernmental authorities. The COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global and domestic capital markets, which could increase the cost of capital and adversely impact access to capital. A period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Furthermore, the volatility in global and domestic capital markets may cause increased volatility in currency exchange rates reducing our ability, or increase the costs, to mitigate these risks. Any depreciation of the Indian rupee could result in higher hedging cost and increased costs of imports for us. In addition, foreign exchange hedges on our restricted groups have a cap and heightened volatility in foreign exchange rates may result in additional payments.

b) **Strategic Risk:** As a result of the business shutdown and facilities closures, the global and domestic economy has significantly slowed down, resulting in reduced electricity demand in India and globally. Customer demand for electricity may not swiftly recover to pre-COVID-19 level or at all, due to the potential of a prolonged global or domestic economic crisis or recession. Economic downturns may alter the priorities of governments (including the Government of India) to subsidize and/or incentivize participation in markets in which we operate. The global economic crisis may also prompt the Indian government to enact emergency measures such as electricity tariff adjustments to ease the financial burden on economically disadvantaged customers, each of which could have an adverse impact on our financial conditions, results of operations, and cash flows.

c) **Operational Risk**: Current and future restrictions on our workforce's access to any of our facilities and the health and availability of our workforce in constructing our solar projects could limit our ability to meet customer expectations and have a material adverse effect on our operations. We may experience increased difficulties in receiving payments from our distribution customers. These customers may not have adequate liquidity or may have greater difficulties in settling their electricity bills. Further, in response to COVID-19, our employees are working remotely from their homes but technology in employees' homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of work-from-home measures introduces additional operational risk, especially cybersecurity risk. These cyber risks include greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore systems in the event of a systems failure or interruption, and a greater risk of a security breach resulting in destruction or misuse of valuable information.

Due to inadequate medical infrastructure in India, our employees may be at risk of not being able to access healthcare to treat COVID. Several of our employees have also been infected with the COVID-19 virus over in Fiscal 2021 and in Fiscal 2022 during the second wave.

Moreover, we rely on many suppliers and contractors. During the current year, we have faced several challenges and continue to face challenges currently to obtain materials from our suppliers and materials we do obtain often are at higher prices than in the past year. Certain suppliers have refused to provide material at the prices agreed under the terms of our supply agreements with them and have asked for price increases. Any further, fluctuations in prices of material could have a material adverse effect on our business, financial condition, results of operations and cash flows. We also rely on local and federal government agencies, offices, and other third parties in obtaining permits, conducting construction of our projects and transporting our solar products. In light of responses to the pandemic, these entities may limit the availability and access of their services. For example, we rely on frequent facility maintenance and improvement through operation and maintenance ("O&M") activities to maintain efficient operation of our facilities. The COVID-19 pandemic could potentially limit our O&M activities due to labor shortages, materials, and limited availability of third-party service providers, resulting in an adverse impact on our revenues which may not be covered through insurance, as COVID-19 related risks are not covered under several of our existing insurance policies. If suppliers and third-party service providers continue to have limited capacities for a prolonged period or if additional limitations or potential disruptions in these services materialize, it may negatively affect our operations. Further, we may have disputes with suppliers, contractors or customers that could lead to litigation or arbitration due to contractual force majeure notices.

d) **Delay in Legal Matters**: The extension of the nationwide lockdown due to COVID-19 or other localised lockdowns/disruptions pandemic have delayed important legal hearings relating to legal proceedings to which we are a party. The commissions and courts during such period have only been hearing matters of urgent nature. If courts and commissions continue to have limited hearings for a prolonged period, it may lead to delay in finalization of our legal cases and may have negative impact on our operations.

Because there have been no comparable recent global pandemics that resulted in a similar global impact, we do not yet know the full extent of COVID-19's effects on our business, operations, or the global economy as a whole. The extent to which the COVID-19 outbreak impacts our business, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses, and individuals, which are highly uncertain and cannot be predicted. The uncertain future development of this crisis could materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels.

3. **CURRENT SIZE OF OPERATIONS:**

Operational – 1990 MW

Azure Power group of Companies operated 45 utility scale projects with a combined rated capacity of 1990 MWs as of March 31, 2021 which represents a compound annual growth rate, or CAGR, of 78%, since March 2009.

Under construction – 965 MW

As on March 31, 2021, we were also constructing a combined rated capacity of 965 MWs comprising of utility scale projects of 65 MWs of Assam 1 and 300 MWs of Rajasthan 6, 300 MWs of Rajasthan 8 and 300 MWs of Rajasthan 9.

The group also had an additional 4,000 MWs Contracted & Awarded, bringing our total Operating, Contracted & Awarded capacity to 6,955 MWs. Contracted & Awarded megawatts include 4,000 MWs for which we have received Letters of Award ("LOA") but the Power Purchase Agreements ("PPAs") have yet to be signed.

4. **DIVIDEND:**

The Company has incurred the loss of INR 23,930 lakhs during the year under review, hence the Board of Directors of your company does not recommend distribution of any dividend for the financial year ended on March 31, 2021.

5. **RESERVES:**

The Board of Directors of your company has decided not to transfer any amount to the reserves in the Balance Sheet for the year under review.

6. **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

As on March 31, 2021, your company is subsidiary of Azure Power Global Limited (a company incorporated at Mauritius and listed at New York Stock Exchange) and has 50 Indian subsidiaries, 1 foreign subsidiary and 1 associate Company. All the Indian subsidiaries are engaged in the business of operating solar power projects. In the previous year 2019-20, Six of the subsidiary Companies (direct & indirect) had filed the application under Fast Track Exit (FTE) scheme for striking off their names from the Register of Companies with the Registrar of Companies, NCT of Delhi & Haryana.

During the year under review, companies listed in **Annexure-I** to this report have become or ceased to be company's subsidiaries, joint ventures or associate companies. A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 in Form No. AOC-1 is attached herewith as **Annexure-II**.

7. **INVESTMENT IN SUBSIDIARY COMPANIES AND OTHER COMPANIES DURING THE YEAR.**

a) As on 31st March, 2021, your Company had an investment in various subsidiary companies as per table below:

Sr. No.	Details of Investment in the Equity Shares of Subsidiaries	As at March 31, 2021 (INR in Lakhs)	As at March 31, 2020 (INR in Lakhs)
1.	1,26,523 shares (March 31, 2020: 1,26,523) equity shares of INR 10/- each fully paid up in Azure Power (Punjab) Private Limited	1,813	1,813

2.	49,12,787 shares (March 31, 2020: 49,12,787) equity shares of INR 10/- each fully paid up in Azure Power (Haryana) Private Limited	3,929	3,929
3.	10,93,521 (March 31, 2020: 10,93,521) equity shares of INR 10/- each fully paid up in Azure Solar Private Limited	10,729	10,729
4.	98,873 (March 31, 2020: 98,873) equity shares of INR 10/- each fully paid up in Azure Power (Rajasthan) Private Limited	2,591	2,591
5.	54,692 shares (March 31, 2020: 54,692) equity shares of INR 10/- each fully paid up in Azure Solar Solutions Private Limited*	1,240	1,240
6.	75,623 shares (March 31, 2020: 75,623) equity shares of INR 10/- each fully paid up in Azure Sun Energy Private Limited*	635	635
7.	1,04,532 shares (March 31, 2020: 1,04,532) equity shares of INR 10/- each fully paid up in Azure Urja Private Limited	6,335	6,335
8.	44,898 shares (March 31, 2020: 44,898) equity shares of INR 10/- each fully paid up in Azure Surya Private Limited	1,523	1,523
9.	37,776 shares (March 31, 2020: 37,776) equity shares of INR 10/- each fully paid up in Azure Power (Karnataka) Private Limited	1,001	1,001
10.	3,40,458 shares (March 31, 2020: 3,40,458) equity shares of INR 10/- each fully paid up in Azure Photovoltaic Private Limited	8,989	8,989
11.	1,96,054 shares (March 31, 2020: 1,96,054) equity shares of INR 10/- each fully paid up in Azure Power Infrastructure Private Limited	9,460	9,460
12.	4,17,742 shares (March 31, 2020: 4,17,742) equity shares of INR 10/- each fully paid up in Azure Power (Raj.) Private Limited	9,115	9,115
13.	56,402 shares (March 31, 2020: 56,402) equity shares of INR 10/- each fully paid up in Azure Green Tech Private Limited	7,059	7,059
14.	1,22,893 shares (March 31, 2020: 1,22,893) equity shares of INR 10/- each fully paid up in Azure Renewable Energy Private Limited	3,004	3,004
15.	46,354 shares (March 31, 2020: 46,354) equity shares of INR 10/- each fully paid up in Azure Clean Energy Private Limited	6,581	6,581
16.	2,16,325 shares (March 31, 2020: 2,16,325) equity shares of INR 10/- each fully paid up in Azure Sunrise Private Limited	9,100	9,100
17.	19,731 shares (March 31, 2020: 19,731) equity shares of INR 10/- each fully paid up in Azure Sunlight Private Limited*	512	512
18.	56,335 shares (March 31, 2020: 56,335) equity shares of INR 10/- each fully paid up in Azure Sunshine Private Limited	3,509	3,509
19.	4,59,770 shares (March 31, 2020: 4,59,770) equity shares of INR 10/- each fully paid up in Azure Power Earth Private Limited	17,154	17,154
20.	71,445 shares (March 31, 2020: 71,445) equity shares of INR 10/- each fully paid up in Azure Power Eris Private Limited	2,205	2,205
21.	85,374 shares (March 31, 2020: 85,374) equity shares of INR 10/- each fully paid up in Azure Power Jupiter Private Limited	3,757	3,757

22.	2,68,474 shares (March 31, 2020: 2,68,474) equity shares of INR 10/- each fully paid up in Azure Power Makemake Private Limited	7,626	7,626
23.	1,24,583 shares (March 31, 2020: 1,24,583) equity shares of INR 10/- each fully paid up in Azure Power Mars Private Limited	1,101	1,101
24.	4,63,887 shares (March 31, 2020: 4,63,887) equity shares of INR 10/- each fully paid up in Azure Power Mercury Private Limited	1,600	1,600
25.	7,76,874 shares (March 31, 2020: 7,76,874) equity shares of INR 10/- each fully paid up in Azure Power Pluto Private Limited	24,914	24,914
26.	1,26,640 shares (March 31, 2020: 1,26,640) equity shares of INR 10/- each fully paid up in Azure Power Uranus Private Limited	1,239	1,239
27.	1,65,135 shares (March 31, 2020: 1,65,135) equity shares of INR 10/- each fully paid up in Azure Power Venus Private Limited	5,028	5,028
28.	13,60,895 shares (March 31, 2020: 13,60,895) equity shares of INR 10/- each fully paid up in Azure Power Saturn Private Limited	4,002	4,002
29.	9,28,836 shares (March 31, 2020: 9,28,836) equity shares of INR 10/- each fully paid up in Azure Power Thirty Three Private Limited	35,713	35,713
30.	29,52,087 shares (March 31, 2020: 29,52,087) equity shares of INR 10/- each fully paid up in Azure Power Thirty Four Private Limited	15,904	15,904
31.	1,00,000 shares (March 31, 2020: 40,000) equity shares of INR 10/- each fully paid up in Azure Power Thirty Five Private Limited	10	4
32.	1,17,446 (March 31, 2020: 1,17,446) equity shares of INR 10/- each fully paid up in Azure Power Thirty Six Private Limited	6,693	6,693
33.	36,40,673 shares (March 31, 2020: 36,40,673) equity shares of INR 10/- each fully paid up in Azure Power Thirty Seven Private Limited	5,607	5,607
34.	2,36,082 shares (March 31, 2020: 2,36,082) equity shares of INR 10/- each fully paid up in Azure Power Thirty Eight Private Limited	3,886	3,886
35.	86,765 shares (March 31, 2020: 86,765) equity shares of INR 10/- each fully paid up in Azure Power Thirty Nine Private Limited	604	604
36.	25,13,077 shares (March 31, 2020: 25,13,077) equity shares of INR 10/- each fully paid up in Azure Power Forty Private Limited	13,059	13,059
37.	10,82,632 shares (March 31, 2020: 10,82,632) equity shares of INR 10/- each fully paid up in Azure Power Forty One Private Limited	28,992	28,992
38.	90,000 shares (March 31, 2020: 40,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Two Private Limited	9	4
39.	12,22,477 shares (March 31, 2020: 12,22,477) equity shares of INR 10/- each fully paid up in Azure Power Forty Three Private Limited	34,191	34,191
40.	2,82,976 shares (March 31, 2020: 2,82,976) equity shares of INR 10/- each fully paid up in Azure Power Forty Four Private Limited	4,513	4,513
41.	32,300 shares (March 31, 2020: 32,300) equity shares of INR 10/- each fully paid up in Azure Power Forty Five Private Limited**	-	3

42.	9,87,807 shares (March 31, 2020: 9,87,807) equity shares of INR 10/- each fully paid up in Azure Power Forty Six Private Limited#	5,654	5,654
43.	31,800 shares (March 31, 2020: 31,800) equity shares of INR 10/- each fully paid up in Azure Power Forty Seven Private Limited**	-	3
44.	32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Eight Private Limited**	-	3
45.	32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Nine Private Limited**	-	3
46.	32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Private Limited**	-	3
47.	7,22,005 shares (March 31, 2020: 1,00,890) equity shares of INR 10/- each fully paid up in Azure Power Maple Private Limited	5,405	405
48.	15,43,001 shares (March 31, 2020: 15,43,001) equity shares of US$ 1 each fully paid up in Azure Power US Inc.	951	951
49.	3,10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty One Private Limited	31	1
50.	3,10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Two Private Limited	31	1
51.	1,10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Three Private Limited	11	1
52.	10,0000 shares (March 31, 2020: 10,0000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Four Private Limited	1	1
53.	10,0000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Five Private Limited	1	-
54.	10,0000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Six Private Limited	1	-
55.	10,0000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Seven Private Limited	1	-
56.	10,0000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Eight Private Limited	1	-

* *Investments have been classified as current investments during the current year.*

** *During the previous year the Company had applied to the Registrar of Companies (ROC) for striking off the names of certain subsidiaries from the register of companies which have been approved by ROC subsequently. These investments were diminished during the previous year.*

#Pursuant to the share purchase agreement dated 22 April 2021 executed between the Azure Power India Private Limited (Seller), Avaada Sustainable RJProject Private Limited (Purchaser) and Azure Power Forty Six Private Limited (SPV) including the subsequent amendment, through Letter Agreement dated 18 May 2021, the Seller had transferred its entire stake constituting the 100% paid-up share capital of the SPV in favor of the Purchaser and its nominee.

Sr. No.	Details of Investment in the CCDs of Subsidiaries	As at March 31, 2021 (INR in Lakhs)	As at March 31, 2020 (INR in Lakhs)
1.	3,20,758 CCD 0.0% (March 31, 2020: 3,20,758) in Azure Power Thirty Seven Private Limited	8,500	8,500
2.	1,70,183 CCD 10.25% (March 31, 2020: 1,70,183) in Azure Power Forty Three Private Limited	5,000	5,000

b) As on 31st March, 2021, your Company had an investment in other companies as per table below:

Sr. No.	Details of Investment in the Equity Shares of Associates	As at March 31, 2021 (INR)	As at March 31, 2020 (INR)
1.	2,600 shares (March 31, 2020: 2,600) equity shares of INR 10/- each fully paid up in Waaree Power Private Limited	26,000	26,000

8. CHANGE IN NATURE OF BUSINESS, IF ANY:

During the financial year in review there were/ there was no change(s) in the nature of the business carried out by the Company.

9. CHANGE OF REGISTERED OFFICE OF THE COMPANY:

Under the provision of section 12 of the Companies Act, 2013, the Company within the city changed its previous registered office address from 3rd Floor, Asset 301-304, WorldMark-3, Aerocity, New Delhi - 110037 to **5th Floor, Southern Park, D-II, Saket Place, Saket New Delhi, South Delhi- 110017**. The change of registered office address is effective from the date of approval accorded by the members of Finance Committee of the Company vide resolution passed i.e., October 01, 2020.

10. TRADEMARK & PATENT

As on March 31, 2021, following is the status of Trademarks & Patents registered in the name of the Company or applied for:

Trademark	Application No.	Date of Filing	Status	Class
Azure Power	2047922	01-11-2010	Registered	7
Azure Power	2321066	24-04-2012	Registered	35
Azure Power	2047923	01-11-2010	Registered	37
Azure Power	2321067	24-04-2012	Registered	40
Solar Power Solutions Simplified	2071520	21-12-2010	Registered.	37
Solar as a Service	2071517	21-12-2010	Registered.	7
Solar as a Service	2071518	21-12-2010	Registered.	37
Azure Power	2071521	21-12-2010	Registered.	7
Azure Power	2071522	21-12-2010	Registered.	37
Solar Power Simplified	2246499	08-12-2011	Registered	7

Solar Power Simplified	2246498	08-12-2011	Registered	37
Power to be free!	2246497	08-12-2011	Registered	7
Power to be Free	2321074	24-04-2012	Registered	35
Power to be free!	2246496	08-12-2011	Registered	37
Power to be free	2321075	24-04-2012	Registered	40
Azure Power™ Power to be Free!	2321064	24-04-2012	Registered	35
Azure Power™ Power to be Free!	2321065	24-04-2012	Registered	40
Azure	2321076	24-04-2012	Registered	7
Azure	2321077	24-04-2012	Registered	35
Azure	2321078	24-04-2012	Registered	37
Azure	2321079	24-04-2012	Registered	40
Azure Power	2892073	29-01-2015	Registered.	7
Azure Power	2892074	29-01-2015	Registered.	35
Azure Power	2892075	29-01-2015	Registered.	37
Azure Power	2892076	29-01-2015	Registered.	40
Solar As a Service	2321073	24-04-2012	Awaiting hearing.	40

Matter No./ Docket Id for Patents	Application No.	Status of Application	Title
PA00045	492/DEL/2012	Application in Amended Stage	System and method for pre-paid power module
PA00046	524/DEL/2012	Application in Amended Stage	System and method for solar panel array sun tracking
PA00100	3910/DEL/2014	Application in Amended Stage	System and method for remote photovoltaic power generation health monitoring
PA00193	201611021203	Application awaiting examination	A thin-film photovoltaic mounting assembly
PA00366	201711029640	Application awaiting examination	A system and method for performing at least one action on a solar panel
PA00367	201711029639	Application awaiting examination	A system and method for generating electricity
PT/2018/12153	201811031590	Application Not Yet Published	System, apparatus and method for power generation and scheduling
PA00803	201811043418	Application Not Yet Published	A system and method for monitoring and maintenance of

			power plants
PT/2019/12781	201911023119	Application Not Yet Published	System and method of processing sales outstanding and accounts receivables

11. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No Material changes has occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

12. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

No such orders have been passed in relation with your company.

13. INTERNAL FINANCIAL CONTROLS:

Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal and statutory auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020 -21.

14. DEPOSITS:

The Company has not accepted any deposits from public and hence, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

15. AUDITORS & AUDITOR'S REPORT:

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s MSKA & Associates (FRN: 105047W), Chartered Accountants, has been appointed as statutory auditors of the Company from the conclusion of the Annual General Meeting (AGM) of the Company held on September 25, 2019 till the conclusion of the AGM for the financial year 2023-24.

Statutory Auditors of the Company have not given any qualified opinion on the Consolidated and Standalone Financial Statements.

Cost Auditors

Pursuant to the provision of section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s Saurabh Mishra & Associates (FRN: 002680) were appointed as Cost Auditor of the Company for the financial year 2020-21.
The Cost Auditors have not given any qualified opinion on the Cost records of the Company.

Secretarial Auditors

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the rules made thereunder, M/s Abhishek Gupta & Associates, Practicing Company Secretaries (M. No. 9857) were appointed as Secretarial Auditors to undertake Secretarial Audit of the Company for the financial year 2020-21.

The Secretarial Auditor have not given any qualified opinion on the Secretarial records and compliances of the Company for the financial year 2020-21. The said report in form no. MR-3 is attached herewith as Annexure-III.

16. **CAPITAL AND DEBT STRUCTURE:**

As on 31st March 2021, following was the Share Capital & Debt structure of the Company.

Particulars	No. of Shares	Face Value (INR)	Total Amount (INR)
Authorised Share Capital			
Equity Shares	4,33,33,333	10/-	43,33,33,330
Preference Shares	8,66,66,667	10/-	86,66,66,670
Issued Share Capital			
Equity Shares	45,51,443	10/-	4,55,14,430
Preference Shares	-	-	-
Subscribed Share Capital			
Equity Shares	45,51,443	10/-	4,55,14,430
Preference Shares	-	-	-
Paid Up Share Capital			
Equity Shares	45,51,443	10/-	4,55,14,430
Preference Shares	-	-	-

Particulars	No. of NCDs	Face Value (INR)	Total Amount (INR)
Non-Convertible Debentures (NCDs)	1,90,000	10,000	190,00,00,000

During the year under review there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

a) **Issue of Shares or other Convertible Securities:**
During the year under review the Company had not issued Shares or other Convertible Securities.

b) **Issue of equity shares with differential Rights:**
During the year under review, no equity shares with differential voting rights were issued by the Company.

c) **Issue of sweat equity shares:**
During the year under review, no sweat equity shares were issued by the Company.

d) **Issue of employee stock options:**
Various Employees, Officers and Directors of the Company have been granted options pursuant to 2016 Equity Incentive Plan (as amended from time to time) of the Parent Company (Azure Power Global Limited/APGL).

e) **Issue of debentures, bonds or any non-convertible securities**
During the year under review, no debentures, bonds or any non-convertible securities issued by the Company.

f) **Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees:**
Company has not made any provision for purchase of its own shares by employees or by trustees for the benefit of employees.

17. **ANNUAL RETURN:**

The Annual Return of the Company as on 31st March, 2021 is available on the website of the Company at http://investors.azurepower.com/

18. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data pertaining to conservation of energy, technology absorption and Foreign exchange earnings and outgo is as under: -

a) Conservation of Energy

The company continuously strives to achieve all around efficiency in energy consumption. It has taken effective energy efficiency measures in all its project companies. During the year under review, this has helped it to achieve CO2 mitigation/emission of 3,01,2114.94 ton through its projects and of subsidiary companies.

b) Technology Absorption

The Company selects best available technology and lowest cost capital in its subsidiaries for implementing Solar Power projects so that the cost of power generation is the lowest and the project companies are in the position to achieve grid parity in near future only. The Company imports or uses domestic technology, as required, of high quality, for its projects to maintain lowest cost of power generation and achieve highest yields. Emphasis is always placed on in-house development of engineering, designing, procurement and construction supervision processes and technologies.

The Company had invested INR 18 Lakhs towards research and development of Robotic Arm which will be used for cleaning of modules. This technology will facilitate increase in generation capacity and to reduce production cost of electricity.

c) Foreign Exchange Earnings and Outgo

The particulars relating to foreign exchange earnings and outgo during the year under review are as under:

Particulars	March 31, 2021 INR (In Lakhs)
Foreign Exchange Earnings	12
Foreign Exchange Outgo	-

19. <u>CORPORATE SOCIAL RESPONSIBILITY (CSR):</u>

Our Corporate Social Responsibility program is based on shared values, responsible business and exposure to voluntary social activities. The government guideline of utilizing minimum 2% of the company's average net profit during the immediately three preceding financial year is only a mandate; CSR is much beyond that. Any CSR project that we take up, we ensure that it is able to make a social and an economic impact. It also has an effect on the gender equality, caste and yield in the rural area where we intervene. A holistic approach is what helps us attain sustainability in any project. We truly believe that it's not just the funds, but true intentions and actions that go a long way. Keeping all these things in consideration, Company has in place the CSR Policy & Charter and the CSR Committee which comprises of following Directors w.e.f. from 01 October, 2020:

1. Mr. Mangalath Unnikrishnan (Chairman)
2. Ms. Supriya Prakash Sen (Member)
3. Mr. Deepak Malhotra (Member)

The Company had incurred INR 1.80 Crores (One Crore and Eighty Lakhs) expenses for CSR initiatives for the F.Y. 2020-21 covering the sector of Livelihood, Skill Development, Energy, Water and Others including the activities of Skill development/Livelihood enhancement, Extension of Skill Development classes, distribution of Sewing machines and beautician kits, Installation of RO System, Distribution of Woolen Blankets, Construction of tube-wells, Rooftop Hybrid Solar Power, distribution of Covid related Masks/PPE's Kits, Dry Ration/Cooked food, 25kl RWR Water tank, Construction of water tank foundation, installation of street lights, Piggery activities etc. at various locations in the state of Andhra Pradesh, Assam, Gujarat, Haryana, Karnataka, Punjab, Rajasthan, Uttar Pradesh and PAN India.

The Company had also engaged various agencies assisting in CSR activities, providing consultancy services etc. The Company ensures to continue the focus on CSR activities in future as well for the betterment of the Society and Environment.

Detailed report of CSR is as per Annexure – IV

20. DIRECTORS:

a) Declaration from Independent Directors pursuant to Section 149(6): The provision of Section 149(6) is not applicable on our Company.

b) As on March 31, 2021, following were the Directors of the Company:

1. Mr. Ranjit Gupta
2. Mr. Mangalath Unnikrishnan
3. Mr. Cyril Sebastien Dominique Cabanes
4. Mr. Barney Sheppard Rush
5. Mr. Arno Lockheart Harris
6. Ms. Supriya Prakash Sen
7. Mr. Deepak Malhotra

During the year under review, Mr. Sanjeev Aggarwal and Mr. Rajendra Prasad Singh has resigned from the Board of Directors of the Company with effect from October 05, 2020 and August 19, 2020 respectively. Further, Ms. Supriya Prakash Sen, Director and Mr. Mangalath Unnikrishnan, Nominee Director has joined the Board of Directors of the Company w.e.f. August 01, 2020 and August 19, 2020 respectively.

During the year under review, pursuant to clause 25.1 of the Articles of Association of Company, Mr. Arno Lockheart Harris (Non-Executive Director) and Mr. Cyril Sebastien Dominique Cabanes (Nominee Director) were re-elected on the Company's Board of Directors.

21. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

For the financial year in review, the Board of Directors had 6 Board meetings which were in compliance with the relevant provisions of all the applicable laws and rules.

22. BOARD COMMITTEE'S:

A. **Finance Committee**:
Finance Committee of the Company comprises of Mr. Ranjit Gupta, Mr. Murali Subramanian, and Mr. Pawan Kumar Agrawal as members of the Committee. Finance Committee of the Company met twenty six times during the year whereas urgent matters were approved by the members of Finance Committee though circular resolutions.

B. **Audit Committee**:
The Audit Committee of the Company comprises of three members including Mr. Barney Rush, Mr. Arno Harris and Ms. Supriya Prakash Sen respectively. Mr. Arno Harris is the Chair of Audit Committee. During the year under review members of the Audit Committee met five times.

C. **Compensation Committee**:
The Compensation Committee of the Company comprises of four members as on date including Mr. Barney Rush, Mr. Mangalath Unnikrishnan, Mr. Cyril Sebastien Dominique Cabanes and Ms. Supriya Prakash Sen (*who was appointed on 10th June 2021*) respectively. Mr. Barney Rush is the Chair of Compensation Committee of the Company. During the year under review members of the Compensation Committee four times.

23. COMPLIANCE TO SECRETARIAL STANDARDS:

Your directors confirm that the Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' as issued by the Institute of Company Secretaries of India, have been complied with.

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Your Company is engaged in the business of providing infrastructural facilities as per the provisions of Section 186(11)(a) of the Companies Act, 2013 and therefore the provisions of Section 186 of the Companies Act, 2013 except sub-section (1) are not applicable to it. Details of Loans given, Corporate Guarantees provided and Investments made are as follows:

a. **Loans provided to the Subsidiary/Fellow Subsidiary:**

Name of Subsidiaries/Fellow Subsidiaries	March 31, 2021 (INR in Lakhs)
Azure Power (Rajasthan) Private Limited	1,150
Azure Solar Solutions Private Limited	2,210
Azure Power Earth Private Limited	136
Azure Power Jupiter Private Limited	2,766
Azure Power Mercury Private Limited	40
Azure Power Saturn Private Limited	13
Azure Power Thirty Three Private Limited	344
Azure Power Thirty Four Private Limited	3,470
Azure Power Thirty Eight Private Limited	1,215
Azure Power Thirty Nine Private Limited	34
Azure Power Forty One Private Limited	29,560
Azure Power Forty Three Private Limited	28,609
Azure Power Maple Private Limited	16,326
Azure Solar Private Limited	300

b. **Corporate Guarantee's Given:**

c.

Name of the Subsidiaries/Fellow Subsidiaries	March 31, 2021 (INR in Lakhs)
Azure Sun Energy Private Limited	1,437
Azure Sunlight Private Limited	571
Azure Power Jupiter Private Limited	20,332
Azure Power Thirty Eight Private Limited	4,498
Azure Power Forty Private Limited	36,099
Azure Power Forty Three Private Limited	195,300
Azure Power Rooftop (Genco) Private Limited	6,571
Azure Power Rooftop One Private Limited	10,666
Azure Power Rooftop Three Private Limited	2,517
Azure Power Rooftop Five Private Limited	1,445
Azure Power Maple Private Limited	99,900

c. **Details of the all the intercompany investments: Please refer clause no. 7.**

25. DOWNSTREAM INVESTMENT:

The Company has made downstream investment of INR 508,497,575/- during the year under review. The Company also obtained the required Statutory Auditors Certificate certifying that the Company has complied with applicable FEMA Rules and Regulations with respect to downstream investment made by the Company being the first level Indian company during the period under review.

26. PARTICULARS OF EMPLOYEES:

The Company being a private limited company is not required for any disclosure under section 197 of the Companies Act, 2103 read with rule 5(2) of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014.

27. RISK MANAGEMENT POLICY:

The Company has identified the key risks for the business and have made a mitigation plan. Company activities to maximize opportunities and minimize adversity by considering the following: -

- Identification of risk, define ownership with clearly defined roles and responsibilities;
- Balance between the cost of managing risk and the anticipated benefits;
- Contributing to more efficient use/allocation of capital and resources;
- To encourage and promote an pro-active approach towards risk management;
- Identifying any unmitigated risks and formulating action plans for its treatment through regular review.

28. CONTRACTS AND ARRANGEMENTS WITH THE RELATED PARTIES

All the contracts/arrangements/transactions entered by the Company during the year under review with the related parties were in the ordinary course of business and on an arm's length basis. During the year under review, the Company had not entered into contract/arrangement/transaction with the related parties which could be considered material and details of such transactions has been provided under Form No. AOC-2 attached herewith as Annexure-V

29. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis; and

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company believes that the development of employees is one of the most important enablers for an organization. This is being done at both individual and team levels. Sustained development of its employees, professional and personal, is the hallmark of its human resource policies. The Company values its Human Resources and is committed to ensure employee satisfaction, development and growth. The Company is working towards developing a culture of nurturing leaders, encouraging creativity and openness. Cordial industrial relations and improvements in productivity were maintained at all the Company's Plants and Offices during the year under review.

31. **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT,2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Sexual Harassment Committee (SHC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were two cases reported to Internal Complaint Committee (ICC) and same were disposed-off post following the procedure defined under the Act.

32. **VIGIL MECHANISM**

Vigil Mechanism/ Whistle Blower Policy Your Company has in place a well formulated Vigil Mechanism/ Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The policy enables the employees, Directors and other stakeholders to raise their concern. Mr. Ranjit Gupta was appointed by the Board in F.Y. 2019-20 as Nominated Director to as designated Director, in accordance with the Companies Rules, 2014. Further, there was no incident when the access to the Audit Committee was denied to any employees with respect to vigil mechanism. The policy is posted on the website of the Company at the following link: investors.azurepower.com/corporate-governance/governance-documents

33. **ACKNOWLEDGEMENT:**

Your Directors extend their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government Authorities. The directors appreciate and value the contributions made by every member the Company. Your Directors also place on record their deep sense of appreciation for the committed services by the Company's executive and staff.

34. **CAUTIONARY STATEMENT**

Statements in this Board's Report describing the Company's present position, expectations or forecasts may be forward-looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

For and on behalf of the Board of Directors,
AZURE POWER INDIA PRIVATE LIMITED

Barney Sheppard Rush	**Ranjit Gupta**
Chairman	**Managing Director**
DIN: 07384044	**DIN: 00100872**
Date: 08.09.2021	Date: 08.09.2021
Place: Chevy Chase, MD USA	Place: New Delhi

Annexure-I

Information regarding Subsidiaries, Joint Venture and Associate Companies of the Company:

Information regarding companies which have become or ceased to be company's subsidiaries, joint venture or associate companies.

1. Companies which have become the subsidiary company during the financial year 2020-21:

Sr. No.	Name of the Subsidiaries
1.	Azure Power Fifty Five Private Limited
2.	Azure Power Fifty Six Private Limited
3.	Azure Power Fifty Seven Private Limited
4.	Azure Power Fifty Eight Private Limited

Annexure-II

Form AOC-1

Salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A": Subsidiaries

Sl. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Tax	Profit/ (Loss) after Taxation	Proposed Dividend	% of Share Holding
1.	Azure Power (Punjab) Private Limited	2020-21	INR in thousands	1,265	1,03,969	2,89,896	1,84,662	-	52,066	84,34	2,834	5,600	-	100.00%
2.	Azure Solar Private Limited	2020-21	INR in thousands	11,846	(31365.2)	24,72,515	24,92,034	-	5,03,324	(3,26,742)	(96,023)	(2,30,719)	-	92.31%
3.	Azure Power (Haryana) Private Limited	2020-21	INR in thousands	49,538	7,530	18,45,538	17,88,469	-	1,93,343	(28,061)	(6,908)	(21,153)	-	99.17%
4.	Azure Power (Rajasthan) Private Limited	2020-21	INR in thousands	989	(70,212)	5,11,256	5,80,479	0	98,640	(22,327)	(87,430)	65,103	-	100.00%
5.	Azure Sun Energy Private Limited	2020-21	INR in thousands	756	23,324	1,44,820	1,20,740	0	33,197	(20,166)	(9,613)	(10,553)	-	100.00%
6.	Azure Urja Private Limited	2020-21	INR in thousands	1,416	6,25,232	25,60,515	19,33,867	2,49,988	3,71,239	45,622	(32,129)	77,751	-	100.00%
7.	Azure Surya Private Limited	2020-21	INR in thousands	667	3,18,832	8,96,778	5,77,278	0	1,57,172	65,521	8,241	57,280	-	67.33%
8.	Azure Power (Karnataka) Private Limited	2020-21	INR in thousands	642	1,64,308	7,47,456	5,82,506	0	1,16,006	26,075	7,994	18,081	-	58.87%
9.	Azure Solar Solutions Private Limited	2020-21	INR in thousands	547	(30,355)	2,63,399	2,93,208	0	32,571	(1,04,353)	(50,844)	(53,509)	-	100.00%
1(	Azure Power Infrastructure Private Limited	2020-21	INR in thousands	2,073	9,87,860	38,00,327	28,10,394	0	5,45,650	(44,554)	(1,154)	(43,400)	-	94.59%

11	Azure Sunlight Private Limited	2020-21	INR in thousands	197	28,912	81,384	52,275	0	5,558	(15,140)	(10,683)	(4,457)	-	100.00%
12	Azure Sunrise Private Limited	2020-21	INR in thousands	2,163	(11,593)	74,98,440	75,07,870	0	5,52,192	(2,96,061)	1,23,992	(4,20,053)	-	100.00%
13	Azure Sunshine Private Limited	2020-21	INR in thousands	563	2,72,880	15,91,162	13,17,719	0	2,06,006	32,076	(7,787)	39,863	-	100.00%
14	Azure Power (Raj.) Private Limited	2020-21	INR in thousands	4,177	7,67,632	29,89,113	22,17,304	0	4,23,523	28,652	29,057	(405)	-	100.00%
15	Azure Photovoltaic Private Limited	2020-21	INR in thousands	3,405	5,76,564	26,71,910	20,91,941	0	4,29,804	(2,208)	17,472	(19,680)	-	100.00%
16	Azure Renewable Energy Private Limited	2020-21	INR in thousands	1,229	(12,648	5,35,297	5,46,717	0	58,239	(1,36,237)	(46,459)	(89,778)	-	100.00%
17	Azure Clean Energy Private Limited	2020-21	INR in thousands	464	6,94,009	30,51,057	23,56,584	0	4,07,939	1,03,896	16,813	87,083	-	100.00%
18	Azure Green Tech Private Limited	2020-21	INR in thousands	564	5,12,644	31,57,310	26,44,103	0	4,16,848	67,000	(14,822)	81,822	-	100.00%
19	Azure Power Earth Private Limited	2020-21	INR in thousands	4,598	11,78,627	66,10,080	54,26,855	0	6,89,410	(2,99,429)	(14,644)	(3,14,073)	-	100.00%
20	Azure Power Eris Private Limited	2020-21	INR in thousands	714	1,94,748	6,64,367	4,68,905	0	98,541	8,889	5,013	3,876	-	100.00%
21	Azure Power Mars Private Limited	2020-21	INR in thousands	1,246	79,258	4,16,969	3,36,464	0	49,537	6,197	680	5,517	-	100.00%
22	Azure Power Mercury Private Limited	2020-21	INR in thousands	4,639	58,608	2,03,698	1,40,451	0	20,581	(98,378)	(13,558)	(84,820)	-	100.00%
23	Azure Power Pluto Private Limited	2020-21	INR in lakhs	78	17,140	86,622	69,403	0	13,073	1,288	625	663	-	100.00%
24	Azure Power Saturn Private Limited	2020-21	INR in thousands	13,609	68,111	5,51,250	4,69,530	0	65,840	(2,86,038)	(38,022)	(2,48,016)	-	100.00%

25	Azure Power Jupiter Private Limited	2020-21	INR in thousands	1,674	3,20,020	30,68,656	27,46,962	0	3,81,625	(49,650)	29,426	(79,076)	-	51.01%
26	Azure Power Makemake Private Limited	2020-21	INR in thousands	2,685	7,62,254	22,80,016	15,15,077	0	3,13,855	45,783	13,578	32,205	-	100.00%
27	Azure Power Uranus Private Limited	2020-21	INR in thousands	1,266	55,711	4,36,127	3,79,150	0	62,383	(11,419)	(17,250)	5,831	-	100.00%
28	Azure Power Venus Private Limited	2020-21	INR in thousands	1,651	2,27,452	24,09,996	2,180,892	0	3,30,258	(44,913)	17,295	(62,208)	-	100.00%
29	Azure Power Thirty Three Private Limited	2020-21	INR in lakhs	93	23,264	1,52,677	1,29,320	0	15,098	(7,436)	(418)	(7,018)	-	100.00%
30	Azure Power Thirty Four Private Limited	2020-21	INR in thousands	29,521	11,48,385	74,98,359	63,20,453	0	10,48,434	30,247	92,357	(62,110)	-	100.00%
31	Azure Power Thirty Five Private Limited	2020-21	INR in thousands	1,000	(961)	140	102	0	0	(120)	17	(137)	-	100.00%
32	Azure Power Thirty Six Private Limited	2020-21	INR in thousands	1,174	4,27,214	30,24,375	25,95,987	0	4,24,715	(24,925)	17,676	(42,601)	-	100.00%
33	Azure Power Thirty Seven Private Limited	2020-21	INR in thousands	36,467	13,07,089	63,92,082	50,48,525	0	8,72,444	(52,864)	73,261	(20,397)	-	99.84%
34	Azure Power Thirty Eight Private Limited	2020-21	INR in thousands	2,361	1,37,403	8,51,716	7,11,952	0	74,818	(2,55,789)	(66,931)	(1,88,858)	-	100.00%
35	Azure Power Thirty Nine Private Limited	2020-21	INR in thousands	868	54,982	59,729	3,879	0	0	(217)	59	(276)	-	100.00%
36	Azure Power Forty Private Limited	2020-21	INR in thousands	25,131	12,49,787	34,84,286	22,09,368	0	62,784	(3,427)	24,000	(27,427)	-	100.00%
37	Azure Power Forty One Private Limited	2020-21	INR in thousands	10,826	28,83,168	70,06,309	41,12,315	0	0	3,980	1,807	2,173	-	100.00%

38	Azure Power Forty Two Private Limited	2020-21	INR in thousands	900	(617)	420	137	0	0	(107)	2	(109)	-	100.00%
39	Azure Power Forty Three Private Limited	2020-21	INR in thousands	12,225	38,46,549	2,30,60,581	1,92,01,807	0	3,37,512	21,885	45,534	(23,649)	-	100.00%
40	Azure Power Forty Four Private Limited	2020-21	INR in thousands	2,830	2,60,530	3,66,824	1,03,464	0	75,233	(2,08,639)	(35,197)	(1,73,442)	-	100.00%
41	Azure Power Forty Six Private Limited	2020-21	INR in thousands	9,878	4,20,248	6,34,100	2,03,974	0	662	(1,33,713)	0	(1,33,713)	-	100.00%
42	Azure Power Maple Private Limited	2020-21	INR in thousands	1,009	5,07,348	32,92,697	11,40,581	0	0	(3,782)	(6,935)	3,153	-	100.00%
43	Azure Power Us Inc	2020-21	USD	15,43,001	45,52,815	62,55,397	1,59,581	0	0	1,20,740	0	1,20,740	-	100.00%
44	Azure Power Fifty One Private Limited	2020-21	INR in thousands	3,100	(473)	3,723	1,096	0	0	(90)	333	(423)	-	100.00%
45	Azure Power Fifty Two Private Limited	2020-21	INR in thousands	3,100	(78)	6,049	3,027	0	0	(72)	6	(78)	-	100.00%
46	Azure Power Fifty Three Private Limited	2020-21	INR in thousands	1,100	(87)	1,596	583	0	0	(87)	0	(87)	-	100.00%
47	Azure Power Fifty Four Private Limited	2020-21	INR in thousands	100	(92)	97	89	0	0	(92)	0	(92)	-	100.00%
48	Azure Power Fifty Five Private Limited	2020-21	INR in thousands	100	(87)	105	92	0	0	(87)	0	(87)	-	100.00%
49	Azure Power Fifty Six Private Limited	2020-21	INR in thousands	100	(87)	105	92	0	0	(87)	0	(87)	-	100.00%
50	Azure Power Fifty Seven Private Limited	2020-21	INR in thousands	100	(94)	106	100	0	0	(94)	0	(94)	-	100.00%
51	Azure Power Fifty Eight	2020-21	INR in thousands	100	(88)	106	94	0	0	(88)	0	(88)	-	100.00%

	Private Limited													

A. Names of subsidiaries which are yet to commence commercial Operations

Sl. No.	Name of the Companies
1.	Azure Power Thirty Five Private Limited
2.	Azure Power Thirty Nine Private Limited
3.	Azure Power Forty Two Private Limited
4.	Azure Power Fifty One Private Limited
5.	Azure Power Fifty Two Private Limited
6.	Azure Power Fifty Three Private Limited
7.	Azure Power Fifty Four Private Limited
8.	Azure Power Fifty Five Private Limited
9.	Azure Power Fifty Six Private Limited
10.	Azure Power Fifty Seven Private Limited
11.	Azure Power Fifty Eight Private Limited

A. Names of subsidiaries which have been liquidated or sold during the year (Nil)

Part "B": Associates and Joint Ventures

(Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

Sl. No.	Name of Associates/Joint Ventures	Latest Audited Balance Sheet Date	Shares of Associate / Joint Venture held by the Company at the year end		Extent of Holding %	Description of Significant Influence	Reason why Associate / Joint Venture is not consolidated	Net worth Attributable to Shareholding as per latest Audited Balance Sheet Date	Profit / (Loss) for the year	
			No. of Shares	Amount of Investment in Associate / Joint Venture					Considered in Consolidation	Not Considered in Consolidation
1.	Waaree Power Private Limited	2020-21	2,600	26,000	26	There is a significant influence due to percentage (%) of Shareholding	-	To the extent of shares held	(20,532)	-

Names of associates or joint ventures which are yet to commence operations: Waaree Power Private Limited

Names of associates or joint ventures which have been liquidated or sold during the year: NIL

For and on behalf of the Board of Directors

AZURE POWER INDIA PRIVATE LIMITED

Barney Sheppard Rush	**Ranjit Gupta**
Chairman	**Managing Director**
DIN: 07384044	**DIN: 00100872**
Date: 08.09.2021	Date: 08.09.2021
Place: Chevy Chase, MD USA	Place: New Delhi

ABHISHEK GUPTA & ASSOCIATES
COMPANY SECRETARIES

Office : 16/10, 1st Floor,
New Rohtak Road, Near MTNL Office,
Karol Bagh, New Delhi-110005
Mobile : +91 99 1085 9837 (India)
Tel. Fax : 011 42430303
E-mail : abhishek@agassociate.in
pcsabhishekgupta@gmail.com
Web : www.agassociate.in

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Azure Power India Private Limited,
5th Floor, Southern Park, D-II, Saket Place,
Saket, New Delhi-110017

I have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Azure Power India Private Limited (CIN: U40106DL2008PTC174774)** (herein after referred to as 'the **Company'**), having its Registered Office at **5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi-110017**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 ('Audit Period') generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

A. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable to the Company during the Audit Period)**;

Abhishek Gupta & Associates
Delhi
Company Secretaries

(iii) The Depositories Act,1996 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and Bye-laws framed thereunder**(Not applicable to the Company during the Audit Period)**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of its applicability.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 **(Not applicable to the Company during the Audit Period);**

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period);**

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**

Abhishek Gupta & Associates * Delhi * Company Secretaries *

i) The Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

k) The Securities and Exchange Board of India SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 **(Not applicable to the Company during the Audit Period);** and

l) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

(vi) Laws specifically applicable to the industry to which the company belongs, as identified by the management, that is to say:

Legislation Name:

a) Payment of Wages Act, 1936
b) The Payment of Bonus Act, 1965
c) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
d) Employees' State Insurance Act, 1948
e) The Minimum Wages Act, 1948
f) Payment of Gratuity Act, 1972
g) Employee Taxation as per Income Tax Act, 1961
h) Employee Group Insurance Scheme and Maternity Benefits.
i) Shops and Establishment Act & Rules thereunder.
j) The Contract Labour (Abolition & Repeal) Act & and Rules thereunder
k) Environment (Protection) Act, 1986
l) The Air (Prevention and Control of Pollution) Act, 1981
m) The Water (Prevention and Control of Pollution) Act, 1974
n) The Noise Pollution (Regulation and Control) Rules, 2000
o) Hazardous Wastes (Management and Handling) Rules, 1989
p) Factories Act, 1948

B. I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by The Institute of Company Secretaries of India.

b. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. (**Not applicable to the Company during the Audit Period**);

Abhishek Gupta & Associates Delhi Company Secretaries

C. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to filing of certain e-forms with additional fees.

D. **I further report that**

a) The Board of Directors of the Company is duly constituted and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

d) As per the information and explanations as provided to me, by the officers and management of the Company during Secretarial Audit, the Labour Laws & other General Laws which may be specifically applicable to the Company including The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 were applicable on the Company during the Financial Year. I have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances of the said laws.

e) As per the minutes of the meetings of the Board and Committees of the Board signed by the Chairman, all the decisions of the Board were adequately passed and the dissenting members' views, if any, was captured and recorded as part of the minutes.

f) As per the records, the Company filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.

Abhishek Gupta & Associates
Delhi
Company Seretaries

E. **I further report** that during the audit period the company has:

a. Passed a special resolution for ratification of appointment of Ms. Supriya Prakash Sen as director of the company.

b. Passed a special resolution to approve the issuance of unlisted, redeemable, transferable and interest bearing non-convertible debentures to Asian Development Bank ("ADB") on a private placement basis.

For Abhishek Gupta & Associates
Company Secretaries

26/08/21

Abhishek Gupta
Proprietor
M. No.: 9857; C.P. No.: 12262
UDIN: F009857C000839609

Place: New Delhi
Date: 26-08-2021

NOTE: THIS REPORT IS TO BE READ WITH **'ANNEXURE I'** IS ATTACHED HEREWITH AND FORMS AN INTEGRAL PART OF THIS REPORT.

Annexure – I

The Members,
Azure Power India Private Limited,
5th Floor, Southern Park, D-II, Saket Place,
Saket , New Delhi-110017.

My Secretarial Audit Report for the financial year ended 31st March, 2021 of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

For Abhishek Gupta & Associates
Company Secretaries

26/08/2021

Abhishek Gupta & Associates
Delhi
Company Seretaries

Abhishek Gupta
Proprietor
M. No.: 9857; C.P. No.: 12262
UDIN: F009857C000839609

Place: New Delhi
Date: 26-08-2021

Annexure-IV

FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

Sr. No.	Particulars	Remarks
1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs.	Our Corporate Social Responsibility program is based on shared values, responsible business and exposure to voluntary social activities. The government guideline of utilizing minimum 2% of the company's average net profit during the immediately three preceding financial year is only a mandate; CSR is much beyond that. Any CSR project that we take up, we ensure that it is able to make a social and an economic impact. It also has an effect on the gender equality, caste and yield in the rural area where we intervene. A holistic approach is what helps us attain sustainability in any project. We truly believe that it's not just the funds, but true intentions and actions that go a long way
2	The Composition of the CSR Committee.	1. Mr. Mangalath Unnikrishnan (Chairman) 2. Ms. Supriya Prakash Sen (Member) 3. Mr. Deepak Malhotra (Member)
3	Average net profit (loss) of the Company for last three financial years (INR in Lakhs).	INR 6,671.67/-
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (INR in Lakhs).	INR 133.43/-
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year (INR in Lakhs) b) Amount unspent (INR in Lakhs), if any; c) Manner in which the amount spent during the financial year is detailed below	INR 180.43/- Nil Undertaken Skill development/Livelihood enhancement, Extension of Skill Development classes, Distribution of Sewing machine, installation of RO System, Distribution of Woolen Blanket, Construction of tube-wells, Rooftop Hybrid Solar Power, Distribution of Covid related Masks/PPE's Kit, Dry Ration/Cooked food, 25kl RWR Water tank, Construction of water tank foundation, Installation of street lights, Piggery activities etc. at various locations in the state of Andhra Pradesh, Assam, Gujarat, Haryana, Karnataka, Punjab, Rajasthan, Uttar Pradesh and PAN India, Obtaining consultancy services for implementation of CSR activities and expenditures thereto.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SI. No	**CSR Project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was Undertaken**	**Amount outlay (budget) project or programs wise (INR in Lakhs)**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs; (2) Overheads (INR in Lakhs)**	**Cumulative expenditure up to the reporting period (INR in Lakhs)**	**Amount spent: Direct or through implementing agency**
1.	Skill Development/ Livelihood Enhancement; Distribution of Sewing machine Distribution of Beautician Kit Extension of Skill Development classes	Livelihood and Skill Development	Udalguri, Sabaherua, Nagaon, (Assam); Vanwala, Tahiwala, Badhurkhera (Punjab); Pachulla, Chahitara, Karharkalan, Dakore, Bibiyapur, (Uttar Pradesh): Nure Ki Bhurj, Khakuri, Shivnath Nagar, Kesarpura, Ravra, Dedasari, Bhanderi Jodhpur, Bikaner (Rajasthan): Vemulapadu, Tutralpalli, Nagurur, Veligallu (Andhra Pradesh) Murgi Ladai (Assam)	80.94/-	80.94/-	80.94/-	Direct
2.	RO Installation	Water	Gollarahatti, Jadekunte, Piddikote, Halagaladdi, Harthikote (Karnataka); Tahliwala (Punjab); Noore ki Burj, Kesharpura, Shivnath Nagar, Bagdatnagar (Rajasthan); Khadol, Rojav (Gujarat); Dakore, Mahoba, Banda (Uttar Pradesh); Vemlapadu, Nagurur, Thutralapalli (Andhra Pradesh)	22.87/-	22.87/-	22.87/-	Direct
3.	Covid related: Masks/PPE's Kit	Others	PAN India	21.63/-	21.63/-	21.63/-	Direct
4.	Dry Ration/Cooked food	Others	PAN India	45.15/-	45.15/-	45.15/-	Direct

5.	Tube well Construction	Water	Pundalasar, (Rajasthan)	3.00/-	3.00/-	3.00/-	Direct
6.	CSR consultancy, Piggery Activities & Others	Others	PAN India	6.84/-	6.84/-	6.84/-	Direct
7.	Distribution of Sanitizer/PPE's Kit/Hand Gloves/ Surgical Mask*	Others	PAN India	7.03/-	7.03/-	7.03/-	Direct
TOTAL				**187.46/-**	**187.46/-**	**187.46/-**	

*****_The expenditure made on behalf of Azure Clean Energy Private Limited (subsidiary of the Company) subject to re-imbursement of cost incurred._

Mangalath Unnikrishnan
Chairman (CSR Committee)
DIN: 01460245

Date: 08.09.2021

Place: Mumbai

Ranjit Gupta
Managing Director
DIN: 00100872

Date: 08.09.2021

Place: New Delhi

Annexure-V

FORM- NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Nature of Transaction	For the year ended March 31, 2021 (INR in lakhs, unless otherwise stated)	Board /Committee Resolution Date
CONSTRUCTION SERVICES RENDERED		
Azure Power Thirty Four Private Limited	285	-
Azure Power Thirty Three Private Limited	602	-
Azure Power Forty Four Private Limited	36	-
MANAGEMENT SERVICES RENDERED		
Azure Power Maple Private Limited	3,870	12/08/2020
Azure Power Forty Three Private Limited	2,615	12/08/2020
Azure Power Forty One Private Limited	1,856	12/08/2020
Azure Power Pluto Private Limited	212	12/08/2020
Azure Power Forty Private Limited	144	12/08/2020
Azure Power Thirty Seven Private Limited	142	12/08/2020
Azure Power Thirty Three Private Limited	122	12/08/2020
Azure Power Infrastructure Private Ltd	71	12/08/2020
Azure Sunrise Private Limited	71	12/08/2020
Azure Power Jupiter Private Limited	71	12/08/2020
Azure Power Thirty Four Private Limited	61	12/08/2020
Azure Photovoltaic Private Limited	56	12/08/2020
Azure Power (Raj.) Private Limited	56	12/08/2020
Azure Green Tech Private Limited	56	12/08/2020
Azure Clean Energy Private Limited	56	12/08/2020
Azure Urja Private Limited	48	12/08/2020
Azure Power Earth Private Limited	47	12/08/2020
Azure Sunshine Private Limited	28	12/08/2020
Azure Power Thirty Six Private Limited	24	12/08/2020
Azure Power Venus Private Limited	19	12/08/2020
Azure Power (Karnataka) Private Limited	14	12/08/2020
Azure Power (Haryana) Private Limited	14	12/08/2020
Azure Surya Private Limited	14	12/08/2020
Azure Power Eris Private Limited	14	12/08/2020
Azure Power Makemake Private Limited	13	12/08/2020
Azure Power Mars Private Limited	7	12/08/2020
Azure Power (Punjab) Private Limited	3	12/08/2020
Azure Power Uranus Private Limited	3	12/08/2020
KEY MANAGERIAL PERSONNEL REMUNERATION		
Mr. Ranjit Gupta (Chief Executive Officer and Director)	6,949	18/07/2019
Mr. Murali Subramanian (President)	6,694	18/07/2019
Mr. Pawan Kumar Agrawal (Chief Financial Officer)	360	29/01/2019
Mr. Kapil Sharma (Company Secretary)	42	-
CORPORATE GUARANTEES GIVEN		
Azure Sun Energy Private Limited	1,437	
Azure Sunlight Private Limited	571	30/01/2016
Azure Power Jupiter Private Limited	20,332	20/01/2017
Azure Power Thirty Eight Private Limited	4,498	17/07/2017
Azure Power Forty Private Limited	36,099	23/12/2019

Azure Power Forty Three Private Limited	195,300	13/06/2019
Azure Power Rooftop (Genco) Private Limited	6,571	03/07/2018
Azure Power Rooftop One Private Limited	10,666	03/07/2018
Azure Power Rooftop Three Private Limited	2,517	03/07/2018
Azure Power Rooftop Five Private Limited	1,445	03/07/2018
Azure Power Maple Private Limited	99,900	-

For and on behalf of the Board of Directors

AZURE POWER INDIA PRIVATE LIMITED

Barney Sheppard Rush
Chairman
DIN: 07384044

Date: 08.09.2021

Place: Chevy Chase, MD USA

Ranjit Gupta
Managing Director
DIN: 00100872

Date: 08.09.2021

Place: New Delhi

Azure Power®

Affordable Solar Power for Generations

Excellence | Honesty | Social Responsibility | Entrepreneurship

The Palm Springs Plaza
Office No. 1501-B, 15th floor
Sector-54, Golf Course Road
Gurugram 122001, INDIA
Tel: +91 124 281 9000

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AZURE POWER INDIA PRIVATE LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the Standalone financial statements of Azure Power India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information(hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report but does not include the standalone financial statements and auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MSKA & ASSOCIATES GURUGRAM

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6831 1600
Regd. No. 105047W | Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Standalone 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

MSKA & ASSOCIATES GURUGRAM

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Ind-AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to Standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements - Refer Note 33 to the Standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company as it is a private Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACL6855

Place: Gurugram
Date: August 26, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZURE POWER INDIA PRIVATE LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

As part of an audit in accordance with SAs, 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 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

MSKA & ASSOCIATES GURUGRAM *

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACL6855

Place: Gurugram
Date: August 26, 2021

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6831 1600
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ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZURE POWER INDIA PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31,2021
[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.
(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment)

(b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has granted loans, secured or unsecured to Companies covered in the register maintained under section 189 of the Act.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the Companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) In case of the loans granted to the Companies listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal and interest.

(c) There are no amounts overdue for more than ninety days in respect of the loan granted to Companies listed in the register maintained under section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account relating to items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the

MSKA & ASSOCIATES GURUGRAM

prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, service tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.in lacs)	Period to which the amount relates	Forum where dispute is pending
Service Tax Act, 1994	Service Tax	1,200	April 2014 to June 2017	Commissioner (Appeal), CBIC

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us, since the Company is a Private Company, the provisions of section 197 of the Act will not be applicable. Accordingly, the provisions stated in paragraph 3(xi) of the Order are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

MSKA & ASSOCIATES GURUGRAM

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Based on information and explanation provided to us, Since the Company is Private Company, Section 177 is not applicable to it.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACL6855

MSKA & ASSOCIATES GURUGRAM

Place: Gurugram
Date: August 26, 2021

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZURE POWER INDIA PRIVATE LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to Members of Azure Power India Private Limited on the Standalone Financial Statements for the year ended March 31, 2021]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Azure Power India Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to Standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone financial statements included obtaining an understanding of internal financial controls with reference to Standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MSKA & ASSOCIATES GURUGRAM

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACL6855

Place: Gurugram
Date: August 26, 2021

Azure Power India Private Limited
Standalone Balance Sheet as at March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	153,376	162,511
Right-of-use assets	32	3,325	6,634
Capital work-in-progress	3	518	875
Intangible assets	4	250	543
Financial assets	5		
- Investments	5.1	307,065	325,434
- Trade receivables	5.2	38,354	38,888
- Loans	5.3	79,637	9,385
- Other financial assets	5.4	37,328	22,051
Deferred tax assets (net)	16	5,598	-
Income tax assets (net)	6	2,559	2,993
Other non current assets	7	1,989	3,460
Total non-current assets		630,199	572,774
Current assets			
Financial assets			
- Investments	5.1	5,067	-
- Trade receivables	8.1	12,537	15,586
- Cash and cash equivalents	8.2	17,038	24,929
- Other bank balances	8.3	5,596	11,295
- Loans	8.4	14,075	16,358
- Other current financial assets	8.5	1,022	587
Other current assets	9	3,843	5,390
Total current assets		59,178	74,145
Total assets		689,377	646,919
Equity and liabilities			
Equity			
Equity share capital	10	455	455
Other equity	11	346,435	370,580
Total equity		346,890	371,035
Non-current liabilities			
Financial liabilities			
- Lease liabilities		3,129	6,693
- Borrowings	12.1	233,255	162,780
- Other financial liabilities	12.2	14,025	2,005
Provisions	13.1	1,760	1,632
Deferred tax liabilities (net)	16	-	2,699
Total non-current liabilities		252,169	175,809
Current liabilities			
Financial liabilities	14		
- Lease liabilities	32	373	204
- Borrowings	14.1	15,327	34,685
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises	14.2	591	73
Total outstanding dues of creditors other than micro enterprises and small enterprises	14.2	3,281	5,146
- Other current financial liabilities	14.3	68,782	59,469
Provisions	13.2	231	140
Other current liabilities	15	1,733	358
Total current liabilities		90,318	100,075
Total liabilities		342,487	275,884
Total equity and liabilities		689,377	646,919

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN : 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place : Chery Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA P... New Delhi

Azure Power India Private Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue			
Revenue from operations	17	37,369	114,140
Other income	18.1	2,043	907
Finance income	18.2	11,879	8,567
Total revenue		51,291	123,614
Expenses			
Construction, sub contracting and other site expenses	19	758	74,057
Employee benefits expense	20	17,744	10,365
Depreciation and amortization expense	21	10,798	10,769
Finance cost	22	28,913	27,067
Other expenses	23	24,977	10,889
Total expenses		83,190	133,147
Loss before tax		(31,899)	(9,533)
Tax expense:			
Current tax expense	16	-	-
Income tax adjustment pertaining to earlier years	16	-	(647)
Deferred tax (credit)/ charge	16	(7,969)	(7,213)
Total tax benefit		(7,969)	(7,860)
Loss after tax		(23,930)	(1,673)
Other comprehensive income			
Items that will reclassified to profit or loss			
Net movement on cash flow hedge reserve		(905)	(762)
Income tax effect on cash flow hedge reserve		316	266
Items that will not be reclassified to profit or loss			
Re-measurement gains on defined benefit plans		(35)	(79)
Income tax effect on defined benefit plans		12	27
Total other comprehensive loss		(612)	(548)
Total comprehensive (expense)/ income		(24,542)	(2,221)
Earnings per equity share: [Nominal value of share : INR 10 (March 31, 2020 : INR 10)]			
(1) Basic earnings per share (INR)	24	(525.77)	(42.78)
(2) Diluted earnings per share (INR)	24	(525.77)	(42.78)
Summary of significant accounting policies	2.2		

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

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Mahish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place : Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number of shares	Amount
At April 01, 2019	3,660,739	366
Addition during the year	890,704	89
At March 31, 2020	4,551,443	455
Addition during the period	-	-
At March 31, 2021	4,551,443	455

B. Other equity

For the year ended March 31, 2021:

Particulars	Deemed capital contribution by parent - ESOP reserve	Reserves and surplus		Items of OCI		Total equity
		Surplus in the statement of profit and loss	Securities premium	Cash flow hedge reserve	Defined benefit plans	
At April 01, 2020	2,060	35,828	333,736	(1,006)	(38)	370,580
Loss for the year	-	(23,930)	-	-	-	(23,930)
Other comprehensive income/ (loss)	-	-	-	(589)	(23)	(612)
Total comprehensive income/ (expense)	2,060	11,898	333,736	(1,595)	(61)	346,038
Deemed capital contribution by parent on account of employee stock option plan (refer note 25)	397	-	-	-	-	397
At March 31, 2021	2,457	11,898	333,736	(1,595)	(61)	346,435

For the year ended March 31, 2020:

Particulars	Deemed capital contribution by parent - ESOP reserve	Reserves and surplus		Items of OCI		Total equity
		Surplus in the statement of profit and loss	Securities premium	Cash flow hedge reserve	Defined benefit plans	
At April 01, 2019	1,881	37,501	279,844	(510)	14	318,730
Loss for the year	-	(1,673)	-	-	-	(1,673)
Other comprehensive income/ (loss)	-	-	-	(496)	(52)	(548)
Total comprehensive income	1,881	35,828	279,844	(1,006)	(38)	316,509
Securities premium on issue of equity shares during the year, net of share issues expesnes (refer note 10)	-	-	53,892	-	-	53,892
Deemed capital contribution by parent on account of employee stock option plan (refer note 25)	179	-	-	-	-	179
At March 31, 2020	2,060	35,828	333,736	(1,006)	(38)	370,580

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place: New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place: Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place: New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place: New Delhi
Date: 26/08/2021

Azure Power India Private Limited
Standalone Statement of Cash Flows for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

		For the year ended March 31, 2021	For the year ended March 31, 2020
A Cash flows from operating activities			
(Loss) before tax		(31,899)	(9,533)
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization expense		10,798	10,769
Interest income		(11,879)	(8,567)
Miscellaneous income			
Share based payment expense		13,583	1,881
Foreign exchange fluctuation (net)		(12)	964
Gain on lease modification		(475)	-
Miscellaneous income		(65)	-
Provision/liabilities no longer required written back		(1,273)	-
Provision for expected credit losses		-	-
Provision for doubtful receivables		1,768	580
Provision for diminution in value of investments		18,388	16
Viability gap funding income		-	(2)
Net gain on sale of current investments		-	(537)
Loss on sale of property, plant and equipment (net)		23	186
Finance cost		28,913	27,067
Operating profit before working capital changes		**27,870**	**22,824**
Movements in working capital:			
Decrease in other non-current assets		587	156
Decrease/(Increase) in loans		1,439	(3,481)
Decrease in other current assets		1,547	4,538
Decrease in trade receivables		3,088	23,082
Decrease in trade payables		(1,335)	(13,672)
(Decrease)/Increase in other current and non current financial liabilities		(8,369)	30,281
Increase/(Decrease) in other current liabilities		1,375	(43,495)
Increase/(Decrease) in provisions		149	(539)
Cash generated from operations		**26,351**	**19,694**
Income taxes paid (net of refund)		434	(1,820)
Net cash flow from operating activities	(A)	**26,785**	**17,874**
B Cash flows from investing activities			
Net purchases of property, plant and equipment (including capital work in progress, capital advance and capital creditors)		(3,061)	(39,641)
Purchase of intangible assets		(78)	(425)
Interest received		2,993	9,038
Loan and advances given to subsidiaries/ fellow subsidiaries (refer note 26)		(74,656)	(72,206)
Loan and advances repaid by subsidiaries/ fellow subsidiaries (refer note 26)		5,434	71,243
Investment in equity shares of subsidiaries (refer note 26)		(5,086)	(50,753)
Investment in compulsorily convertible debentures of subsidiary (refer note 5.1)		-	(5,000)
Purchase of current investments		-	(199,737)
Proceeds from sale of current investments		-	200,274
Net investment in bank deposits (having the original maturity of more than three months)		(1,888)	-
Net proceeds from maturity of bank deposits (having the original maturity of more than three months)		-	37,502
Net cash used in investing activities	(B)	**(76,342)**	**(49,705)**
C Cash flows from financing activities			
Net proceeds from issue of equity shares (including securities premium)		-	53,981
Proceeds from non current borrowings		90,780	74,687
Repayment of non current borrowings		(37,432)	(49,939)
Proceeds from current borrowings		15,285	-
Repayment of current borrowings		-	(19,000)
Proceeds from current borrowings from subsidiaries/ fellow subsidiaries (refer note 26)		26,223	28,141
Repayment of current borrowings from subsidiaries/ fellow subsidiaries (refer note 26)		(19,815)	(15,639)
Finance cost paid		(32,695)	(25,239)
Payment of lease rent		(680)	(998)
Net cash flow from financing activities	(C)	**41,666**	**45,994**
Net decrease in cash and cash equivalents	(A)+(B)+(C)	**(7,891)**	**14,163**
Cash and cash equivalents at the beginning of the year		24,929	10,766
Cash and cash equivalents at the end of the year (refer note 8.2)		**17,038**	**24,929**
Balances with scheduled banks:			
- In current accounts		1,440	11,332
- Deposits with original maturity of less than 3 months		15,598	13,597
Total cash and cash equivalents (refer note 8.2)		**17,038**	**24,929**

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

Change in liabilities arising from financing activities

Particulars	Opening balance as at April 01, 2020	Cash flow (net)	Change in foreign exchange rate	Other changes*	Closing balance as at March 31, 2021
Non-current borrowings	181,450	53,348	(2,031)	39,679	272,446
Current borrowings	34,685	21,693	-	(41,051)	15,327
Lease liabilities	6,897	(680)	-	(2,715)	3,502
Total liabilities from financing activities	**223,032**	**74,361**	**(2,031)**	**(4,087)**	**291,275**

Particulars	Opening balance as at April 01, 2019	Recognition on April 01, 2019 due to adoption of Ind AS 116	Cash flow (net)	Change in foreign exchange rate	Other changes*	Closing balance as at March 31, 2020
Non-current borrowings	154,515	-	24,748	3,136	(949)	181,450
Current borrowings	41,080	-	(6,498)	-	103	34,685
Lease liabilities	-	7,206	(998)		689	6,897
Total liabilities from financing activities	**195,595**	**7,206**	**17,252**	**3,136**	**(157)**	**223,032**

*Including adjustments of ancillary borrowing cost

Notes:

1 The Cash flow statement 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 financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN : 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place : Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

1. Corporate information

Azure Power India Private Limited ("the Company") is a private Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is subsidiary of Azure Power Global Limited ("APGL"). The registered office of the company is located at 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi 110017.

The Company's primary business includes generation of solar energy and developing and managing infrastructure for solar power. The company pledges its plant to obtain long term loans. As per the legal view obtained by the Company, Company is regulated under the Electricity Act, 2003. The projects commissioned till March 31, 2017, are eligible for section 80-IA benefits under the Income Tax Act, 1961.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs and Central Electricity Regulatory Corporation (CERC guidelines).

The Ind AS standalone 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)

2.2 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Current versus non-current classification

The Company 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

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

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 realization/settlement in cash and cash equivalents. The companies have identified twelve months as their operating cycle for classification of their current assets and liabilities.

c) Property, plant and equipment

Property, plant and equipment is 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 Company 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and 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 42 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 recognized is derecognized 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 derecognized. 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.

d) Capital work in progress ("CWIP")

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

e) Depreciation

As per the legal view obtained by the Company, it is regulated under the Electricity Act, 2003, as per the provision to section 129 of Companies Act 2013, deprecation has to be charged as per the rates notified by the CERC Regulation*.

Depreciation on plant and machinery is provided using straight-line method at the rate of 5.28% to 5.83% per annum till the period of 12/13 years from the date of commencement of commercial operations as per the applicable CERC regulation.

After a period of 12/13 years from the date of commencement of commercial operations, the remaining written down value at the end of the $12^{th}/13^{th}$ year from the date of commercial operations shall be depreciated over the balance useful life of the asset in the manner prescribed under applicable CERC Regulations.

Depreciation on other items of property, plant and equipment of Company is provided as per Part C of Schedule II of the Companies Act, 2013 except in following cases where expected useful life of the assets are different from the corresponding life prescribed as under and the Company 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, believes that this is the best estimate on the basis of actual realization.

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

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(INR amount in lakhs, unless otherwise stated)

Category	Life as per Schedule II	Life considered
Building	30 years	25 years
Furniture and fixtures	10 years	5 years
Vehicles	8/10 years	5 years
Office equipment	5 years	1-5 years

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

Leasehold improvements to office facilities are depreciated over the shorter of the lease period or the estimated useful life of the leasehold improvement.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

*CERC/GERC regulations have estimated the useful life of 25 years.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the statement of profit and loss when the asset is derecognized.

g) Leases

During the previous year, effective April 01, 2019, the Company had adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on the date of initial application i.e. April 01, 2019. The Company has applied the modified retrospective approach for transition to Ind AS 116 with right-of-use asset (ROU) recognised at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the Balance Sheet immediately before the date of initial application.

For contracts entered into, or changed, on or after April 01, 2019, at inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

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- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either:
  - the company has the right to operate the asset; or
  - the company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

For contracts entered into before April 01, 2019, the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate is used.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets and lease liabilities as a separate line item on the face of the Balance Sheet.

h) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. 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 based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

i) Convertible debentures

Convertible debentures are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at fair value through profit and loss until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Deferred tax is recognised equity portion identified. 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 debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

j) 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, amortisation of ancillary costs 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 interest cost.

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

k) 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 and Loss (FVTPL)

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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 Company's trade receivables, unbilled revenue, other bank balances, security deposits, etc.

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

A 'debt instrument' is classified as 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 recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals in the statement of Profit and Loss. 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 amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised 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 recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

(a) the contractual rights to receive cash flows from the asset have expired, or
(b) the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the asset to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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 Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company 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;
- 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.

For recognition of impairment loss on the financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g. trade receivables, unbilled revenue etc.

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

The application of simplified approach does not require the Company 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 Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve 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 twelve 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 are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company 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 Company uses a provision matrix determined at the parent level 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 analyzed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense 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:

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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 Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company 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.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

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 Company 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 profit and loss. However, the Company 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 derecognized 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 recognised in the statement of profit and loss.

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Reclassification of financial assets and financial liabilities

The Company 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 company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operation. Such changes are evident to external parties. A change in the business model occurs when the company either or ceases to perform an activity that is significant to its operations. If the company 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 company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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 amortised cost and fair value is recognized in 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.

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 realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, and interest rate swaps, to hedge its foreign currency risks, and interest rate risks, respectively. 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.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

In the normal course of business, the Company uses derivative instruments for mitigating the exposure from foreign currency fluctuation risks associated with forecasted transactions denominated in certain foreign currencies and to minimize cash flow volatility associated with changes in foreign currency exchange rates, and not for speculative trading purposes. These derivative contracts are purchased within the Company's policy and are with counterparties that are highly rated financial institutions.

Contracts designated as Cash Flow Hedge

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company'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 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 Company 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.

Cash flow hedges that meet the criteria for hedge accounting are accounted for, as described below

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward currency contracts and interest rate swaps as hedges of its exposure to foreign currency risk and interest volatility risk in forecast transactions and firm commitments.

Fair value hedge: hedging of foreign exchange exposure

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

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

Undesignated contracts

Changes in fair value of undesignated derivative contracts are reported directly in statement of profit and loss along with the corresponding transaction gains and losses on the items being economically hedged. Realised gains (losses) and changes in the fair value of these foreign exchange derivative contracts are recorded in foreign exchange gains (losses), net in the statement of profit and loss. These derivatives are not held for speculative or trading purposes.

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Cash flow hedges that meet the criteria for hedge accounting are accounted for, as described below

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Company uses forward currency contracts and interest rate swaps as hedges of its exposure to foreign currency risk and interest volatility risk in forecast transactions and firm commitments.

Investment in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred in the consolidated financial statement and are deconsolidated from the date that control ceases. For the purposes of Standalone Financial Statements Investment in subsidiaries are measured at cost as per Ind AS 27, *Separate Financial Statements*.

Any acquisition costs related to acquisition is expensed when incurred.

All investments in subsidiaries are assessed for impairment on an annual basis in accordance with the policy of the Company.

In case of disposal of interest in a subsidiary, the control is remeasured at the date of transaction. Any consideration received in excess of the cost is recorded in statement of profit and loss.

l) Financial guarantees

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assess at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in statement of profit and loss.

m) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Company 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.

Sale of power

Revenue from sale of power is recognised when persuasive evidence of an arrangement exists, the fee is fixed or determinable, solar energy kilowatts are supplied and collectability is reasonably assured. Revenue is based on the solar energy kilowatts actually supplied to customers multiplied by the rate per kilo-watt hour agreed to in the respective Power Purchase Agreements. The solar energy kilowatts supplied by the Company are validated by the customer prior to billing and recognition of revenue.

The Company 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 company considers the effects of variable consideration and consideration payable to the customer (if any).

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.

Income from carbon credit emission

Revenue from the sale of carbon credit emission is recognized at the time of transfer of credits to customers.

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Sale of goods

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised goods or services to buyer.

Revenue from supply erection and installation contracts

The Company considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the construction of solar projects under development, the Company is responsible for the overall management of the project and identifies various goods and services to be provided, including Design and Engineering Work, Procurement and supply of materials, site preparation and foundation, erection and installation of solar power equipment, performance testing and commissioning. The Company accounts for these items as a single performance obligation because it provides composite service of integrating the goods and services (the inputs) into the completed project (the combined output) which the customer has contracted to buy.

For contracts that meet the over time revenue recognition criteria, the Company's performance is measured using an Input method, by reference to the costs Incurred to the satisfaction of a performance obligation relative to the total expected inputs to the completion of the project. The Company excludes the effect of any costs incurred that do not contribute to the Company's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Company's progress in satisfying the, performance obligation (such as uninstalled materials).

Contract revenue earned in excess of billing has been reflected under other current assets and billing in excess of contract revenue has been reflected under current liabilities in the balance sheet.

Liquidated damages / penalties are provided for based on management's assessment of the estimated liability as per contractual terms and / or acceptances. Possible liquidated damages which can be levied by customers for delay in execution of project are accounted for as and when they are levied by the customer.

Viability Gap Funding (VGF)

The Company records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognised as sale of power 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.

Management Fee

Management Fee are the services rendered to subsidiaries of Company. Revenue from such contracts are recognized in accordance with the terms of the agreement entered between the Company and these subsidiaries.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, 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 Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entities forming part of Company transfer 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 Company perform under the contract.

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Trade receivables

A trade receivable represents the right of entities forming part of Company 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 (k) Financial instruments – initial recognition and subsequent measurement

Income from services

Revenue from maintenance contracts are recognised as and when services are rendered.

Interest income

For all debt instruments measured either at amortised 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 Company 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 and loss.

Dividends

Revenue is recognised when the Company's right to receive payment is established by the balance sheet date. Dividends from subsidiaries are recognised even if same are declared after the balance sheet date if it pertains to period on or before the date of Balance Sheet as per the requirement of Schedule III of the Companies Act 2013.

Rebates

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

n) Government grants

Grants from the government are recognised at the fair value where there is a reasonable assurance that the grant will be received and the company 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 income.

Government grant relating to purchase of property, plant and equipment are included in non- current liabilities as deferred income 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 income.

o) Foreign currencies

The Company's financial statement are presented in Indian Rupees (INR), which is the company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash.

Transactions in foreign currencies are initially recorded by the Company 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.

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Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in 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 recognised in other comprehensive income or statement of profit and loss are also recognised in other comprehensive income or statement of profit and loss, respectively).

p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises 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 recognised 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 recognised 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.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company 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 Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company 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 Company 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.

Remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

The interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognises 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

Current retirement benefit costs are accrued in the period to which they relate. The method and basis to be used for the calculations is prescribed by Ind AS 19. Actuarial valuation has been carried out as per the Projected Unit Credit Method (PUCM) as being defined by para 57 (a) to determine liabilities and service cost as at 31 March, 2019.

q) Income taxes

Tax expense represents the sum of current tax and deferred tax.

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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. 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 Company operates and generates taxable income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred Tax
Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all deductible 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:

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

Current and deferred tax is recognised in 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

The carrying amount of deferred tax assets (including MAT credit available) 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the situations where the entity is 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 recognised 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 recognised in the year in which the temporary differences originate. However, the Company 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 realised. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

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 Company 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 Company.

r) Segment reporting

An operating segment is a component of the Company 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 Company's other components, and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the

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Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The Company's chief executive officer is the chief operating decision maker.

Based on the financial information presented to and reviewed by the chief operating decision maker in deciding how to allocate the resources and in assessing the performance of the Company, the Company has determined three reportable segments:

- EPC – Engineering, procurement, construction of solar power plant
- Operation and maintenance
- Sale of power

No operating segments have been aggregated to form the above reportable operating segments.

Inter segment transfers

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Includes general corporate income and expense items which are not allocated to any business segment.

s) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for share options of the parent company (equity-settled transactions). Incremental fair value of the stock option granted relating to already vested options is recognised in the statement of profit and loss and the same has been treated as deemed contribution by parent.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expenses, except the cost of services which is initially capitalised by the Company as part of the cost of property, plant and equipment. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit and loss.

For share-based payment transactions among group entities, in its separate or individual financial statements, the entity receiving the goods or services measures the goods or services received as either an equity-settled or a cash-settled share-based payment transaction by assessing:

(a) the nature of the awards granted, and
(b) its own rights and obligations.

The entity receiving the goods or services measures the goods or services received as an equity-settled share-based payment transaction when:
(a) the awards granted are its own equity instruments, or
(b) the entity has no obligation to settle the share-based payment transaction.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the fair value of the liability are recognised in the statement of profit and loss, except the cost of services which is initially capitalised by the Company as part of the cost of property, plant and equipment.

t) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

u) Provisions

General

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised 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 and 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.

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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 a Power Purchase Agreement or, if later, the expiration of the lease agreement for solar power plants located on leasehold land, the Company is required to remove the solar power plant and restore the land. The Company 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.

v) Impairment of non-financial assets

The company assesses, at each reporting date, 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 company estimates 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 recognised 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.

Company 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, company 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.

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 Company 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 recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

w) Contingent assets/liabilities

Contingent assets are not recognised. However, when realization 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 Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability

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also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

x) 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
- 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 Company.

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 Company 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company 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 relevant notes.

y) 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.

z) 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.

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aa) Changes in accounting policy and disclosures – New and amended standards

i. Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

c) Specified format for disclosure of shareholding of promoters.

d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

ii. Other amendments

A number of minor amendments to existing standards also became effective on April 01, 2020 and have been adopted by the Company. The adoption of these new accounting pronouncements did not have a significant impact on the accounting policies, method of computation or presentation applied by the Company.

iii. Standards issued but not yet effective

The Company is currently evaluating the impact of the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements and does not expect to have significant impact on the Company's financial statements. The company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

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iv. During the current year, the Social Security Code, 2020 ("SS Code") has been passed by the Parliament of India and also received Presidential assent on September 28, 2020. The SS Code has been enacted to amend and consolidate the laws relating to social security with the goal of extending social security to all employees and workers. However, due to second wave of COVID-19 pandemic, implementation of these labour reforms has been delayed and now are expected to be implemented in fiscal 2022.The Company is awaiting the issuance of final guidelines by Central and State governments on the new SS code and is under process of evaluating related impacts of these codes.

3. Property, plant and equipment

	Freehold land	Plant and machinery *	Furniture and fixtures	Vehicles	Computers	Office equipment	Leasehold Improvements	Building *	Total	Capital work in progress
Gross block at cost										
At April 01, 2019	1,391	76,969	75	578	534	148	1,050	3,245	83,990	68,077
Additions	10	95,123	9	116	236	33	85	4,559	100,171	32,480
Disposals/ adjustments	-	388	-	-	-	-	-	11	399	99,682
At March 31, 2020	1,401	171,704	84	694	770	181	1,135	7,793	183,762	875
Additions	52	696	7	-	67	24	217	61	1,124	1,053
Disposals/ adjustments	-	368	-	-	-	-	-	-	368	1,410
At March 31, 2021	1,453	172,032	91	694	837	205	1,352	7,854	184,518	518
Accumulated depreciation										
At April 01, 2019	-	10,185	37	139	317	92	636	346	11,752	-
Charge for the year	-	8,474	16	108	147	32	439	283	9,499	-
Disposals/ adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	-	18,659	53	247	464	124	1,075	629	21,251	-
Charge for the year	-	9,159	15	111	193	25	123	312	9,938	-
Disposals/ adjustments	-	47	-	-	-	-	-	-	47	-
At March 31, 2021	-	27,771	68	358	657	149	1,198	941	31,142	-
Net block										
At March 31, 2021	1,453	144,261	23	336	180	56	154	6,913	153,376	518
At March 31, 2020	1,401	153,045	31	447	306	57	60	7,164	162,511	875

Notes:
* Refer note 30 for expenditure capitalised during construction period.
The amount of borrowing cost capitalised (net) during the year ended March 31, 2021 was INR Nil (March 31, 2020: 1,064 lakhs).
Property, plants and equipment are subject to a first charge to secure the loans taken by the Company (refer note 12.1).

4. Intangible assets

	Software	Total
Gross carrying amount		
At April 01, 2019	1,172	1,172
Additions	425	425
At March 31, 2020	1,597	1,597
Additions	78	78
At March 31, 2021	1,675	1,675
Accumulated amortization		
At April 01, 2019	535	535
Charge for the year	519	519
At March 31, 2020	1,054	1,054
Charge for the year	371	371
At March 31, 2021	1,425	1,425
Net block		
At March 31, 2021	250	250
At March 31, 2020	543	543

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Notes to standalone financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
5 Non-current financial assets		
5.1 Non-current investments		
Investment in equity shares of subsidiaries (at cost and unquoted)		
Details of investment in equity shares of subsidiaries		
1,26,523 shares (March 31, 2020: 1,26,523) equity shares of INR 10/- each fully paid up in Azure Power (Punjab) Private Limited	1,813	1,813
49,12,787 shares (March 31, 2020: 49,12,787) equity shares of INR 10/- each fully paid up in Azure Power (Haryana) Private Limited	3,929	3,929
10,93,521 (March 31, 2020: 10,93,521) equity shares of INR 10/- each fully paid up in Azure Solar Private Limited	10,729	10,729
98,873 (March 31, 2020: 98,873) equity shares of INR 10/- each fully paid up in Azure Power (Rajasthan) Private Limited	2,591	2,591
54,692 shares (March 31, 2020: 54,692) equity shares of INR 10/- each fully paid up in Azure Solar Solutions Private Limited**	-	1,240
75,623 shares (March 31, 2020: 75,623) equity shares of INR 10/- each fully paid up in Azure Sun Energy Private Limited**	-	635
1,04,532 shares (March 31, 2020: 1,04,532) equity shares of INR 10/- each fully paid up in Azure Urja Private Limited	6,335	6,335
44,898 shares (March 31, 2020: 44,898) equity shares of INR 10/- each fully paid up in Azure Surya Private Limited	1,523	1,523
37,776 shares (March 31, 2020 : 37,776) equity shares of INR 10/- each fully paid up in Azure Power (Karnataka) Private Limited	1,001	1,001
3,40,458 shares (March 31, 2020: 3,40,458) equity shares of INR 10/- each fully paid up in Azure Photovoltaic Private Limited	8,989	8,989
1,96,054 shares (March 31, 2020: 1,96,054) equity shares of INR 10/- each fully paid up in Azure Power Infrastructure Private Limited	9,460	9,460
4,17,742 shares (March 31, 2020 ; 4,17,742) equity shares of INR 10/- each fully paid up in Azure Power (Raj.) Private Limited	9,115	9,115
56,402 shares (March 31, 2020: 56,402) equity shares of INR 10/- each fully paid up in Azure Green Tech Private Limited	7,059	7,059
1,22,893 shares (March 31, 2020: 1,22,893) equity shares of INR 10/- each fully paid up in Azure Renewable Energy Private Limited	3,004	3,004
46,354 shares (March 31, 2020: 46,354) equity shares of INR 10/- each fully paid up in Azure Clean Energy Private Limited	6,581	6,581
2,16,325 shares (March 31, 2020: 2,16,325) equity shares of INR 10/- each fully paid up in Azure Sunrise Private Limited	9,100	9,100
Nil shares (March 31, 2020: 19,731) equity shares of INR 10/- each fully paid up in Azure Sunlight Private Limited **	-	512
56,335 shares (March 31, 2020: 56,335) equity shares of INR 10/- each fully paid up in Azure Sunshine Private Limited	3,509	3,509
4,59,770 shares (March 31, 2020: 4,59,770) equity shares of INR 10/- each fully paid up in Azure Power Earth Private Limited	17,154	17,154
71,445 shares (March 31, 2020: 71,445) equity shares of INR 10/- each fully paid up in Azure Power Eris Private Limited	2,205	2,205
85,374 shares (March 31, 2020: 85,374) equity shares of INR 10/- each fully paid up in Azure Power Jupiter Private Limited	3,757	3,757
2,68,474 shares (March 31, 2020: 2,68,474) equity shares of INR 10/- each fully paid up in Azure Power Makemake Private Limited	7,626	7,626
1,24,583 shares (March 31, 2020: 1,24,583) equity shares of INR 10/- each fully paid up in Azure Power Mars Private Limited	1,101	1,101
4,63,887 shares (March 31, 2020: 4,63,887) equity shares of INR 10/- each fully paid up in Azure Power Mercury Private Limited	1,600	1,600
7,76,874 shares (March 31, 2020: 7,76,874) equity shares of INR 10/- each fully paid up in Azure Power Pluto Private Limited	24,914	24,914
1,26,640 shares (March 31, 2020: 1,26,640) equity shares of INR 10/- each fully paid up in Azure Power Uranus Private Limited	1,239	1,239
1,65,135 shares (March 31, 2020: 1,65,135) equity shares of INR 10/- each fully paid up in Azure Power Venus Private Limited	5,028	5,028
13,60,895 shares (March 31, 2020: 13,60,895) equity shares of INR 10/- each fully paid up in Azure Power Saturn Private Limited	4,002	4,002
9,28,836 shares (March 31, 2020: 9,28,836) equity shares of INR 10/- each fully paid up in Azure Power Thirty Three Private Limited	35,713	35,713
29,52,087 shares (March 31, 2020: 29,52,087) equity shares of INR 10/- each fully paid up in Azure Power Thirty Four Private Limited	15,904	15,904
1,00,000 shares (March 31, 2020: 40,000) equity shares of INR 10/- each fully paid up in Azure Power Thirty Five Private Limited	10	4
1,17,446 (March 31, 2020: 1,17,446) equity shares of INR 10/- each fully paid up in Azure Power Thirty Six Private Limited	6,693	6,693
36,40,673 shares (March 31, 2020: 36,40,673) equity shares of INR 10/- each fully paid up in Azure Power Thirty Seven Private Limited	5,607	5,607
2,36,082 shares (March 31, 2020: 2,36,082) equity shares of INR 10/- each fully paid up in Azure Power Thirty Eight Private Limited	3,886	3,886

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(INR amount in lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
86,765 shares (March 31, 2020: 86,765) equity shares of INR 10/- each fully paid up in Azure Power Thirty Nine Private Limited		604	604
25,13,077 shares (March 31, 2020: 25,13,077) equity shares of INR 10/- each fully paid up in Azure Power Forty Private Limited		13,059	13,059
10,82,632 shares (March 31, 2020: 10,82,632) equity shares of INR 10/- each fully paid up in Azure Power Forty One Private Limited		28,992	28,992
90,000 shares (March 31, 2020: 40,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Two Private Limited		9	4
12,22,477 shares (March 31, 2020: 12,22,477) equity shares of INR 10/- each fully paid up in Azure Power Forty Three Private Limited		34,191	34,191
2,82,976 shares (March 31, 2020: 2,82,976) equity shares of INR 10/- each fully paid up in Azure Power Forty Four Private Limited		4,513	4,513
9,87,807 shares (March 31, 2020: 9,87,807) equity shares of INR 10/- each fully paid up in Azure Power Forty Six Private Limited**		-	5,654
7,22,005 shares (March 31, 2020: 1,00,890) equity shares of INR 10/- each fully paid up in Azure Power Maple Private Limited		5,405	405
15,43,001 shares (March 31, 2020: 15,43,001) equity shares of US$ 1 each fully paid up in Azure Power US Inc.		951	951
3,10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty One Private Limited		31	1
3,10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Two Private Limited		31	1
1,10,000 shares (March 31, 2020: 10,0001) equity shares of INR 10/- each fully paid up in Azure Power Fifty Three Private Limited		11	1
10,000 shares (March 31, 2020: 10,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Four Private Limited		1	1
32,300 shares (March 31, 2020: 32,300) equity shares of INR 10/- each fully paid up in Azure Power Forty Five Private Limited *		-	3
31,800 shares (March 31, 2020: 31,800) equity shares of INR 10/- each fully paid up in Azure Power Forty Seven Private Limited *		-	3
32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Eight Private Limited *		-	3
32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Forty Nine Private Limited *		-	3
32,000 shares (March 31, 2020: 32,000) equity shares of INR 10/- each fully paid up in Azure Power Fifty Private Limited *		-	3
10,000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Five Private Limited		1	-
10,000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Six Private Limited		1	-
10,000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Seven Private Limited		1	-
10,000 shares (March 31, 2020: Nil) equity shares of INR 10/- each fully paid up in Azure Power Fifty Eight Private Limited		1	-
Total	**(A)**	**308,979**	**311,950**
Investment in Compulsorily Convertible Debentures (CCD) of subsidiaries (at cost)			
3,20,758 CCD 0.0% (March 31, 2020: 3,20,758) in Azure Power Thirty Seven Private Limited		8,500	8,500
1,70,183 CCD 10.25% (March 31, 2020: 1,70,183) in Azure Power Forty Three Private Limited		5,000	5,000
Total	**(B)**	**13,500**	**13,500**
Details of Investment in equity shares of associates (at cost)			
2,600 shares (March 31, 2020: 2600) equity shares of INR 10/- each fully paid up in Waaree Power Private Limited***		-	-
Total	**(C)**	-	-
Less:-			
Provision for diminution in value of investments (refer note 23 and 45)		15,414	16
Total	**(D)**	**15,414**	**16**
Total	**(A+B+C-D)**	**307,065**	**325,434**
Aggregate value of unquoted Investments		322,479	325,450
Aggregate amount of impairment in value of investments		15,414	16

Investment in subsidiaries are measured at cost as per Ind AS 27, *Separate Financial Statements.*

* During the previous year the Company had applied to the Registrar of Companies (ROC) for striking off the names of certain subsidiaries from the register of companies, approval for the same has been received subsequent to March 31, 2021. These investment was diminished during the previous year.

** Investments have been classified as current investments during the current year (refer note 45)

***During the previous year, the Company won a tender issued by Solar Energy Corporation of India Limited (SECI) during December 2019 pursuant to which the Company had agreed to a firm purchase commitment with a solar module manufacturer to procure 2,800 MWs of modules. Pursuant to the terms of the tender, the Company had entered into a joint venture agreement on January 6, 2020 with a third party to establish a manufacturing facility with a capacity of manufacturing 500 MW Solar PV Modules per annum.
Accordingly, the Company had invested INR 26,000 in previous year, to acquire 26% of the equity shares in a newly formed company incorporated as part of the joint venture agreement to establish a manufacturing facility (investee) and is committed to further invest 26% of the equity required for construction of the manufacturing facility and procure modules, in compliance with the terms of the aforementioned tender.

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(INR amount in lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
Current investments			
Investment in equity shares of subsidiaries (at fair value and unquoted)*			
54,692 shares (March 31, 2020: 54,692) equity shares of INR 10/- each fully paid up in Azure Solar Solutions Private Limited		1,240	-
75,623 shares (March 31, 2020: 75,623) equity shares of INR 10/- each fully paid up in Azure Sun Energy Private Limited		635	-
19,731 shares (March 31, 2020: 19,731) equity shares of INR 10/- each fully paid up in Azure Sunlight Private Limited		512	-
9,87,807 shares (March 31, 2020: 9,87,807) equity shares of INR 10/- each fully paid up in Azure Power Forty Six Private Limited		5,654	-
Total	A	8,041	-
Less:-			
Provision for diminution in value of investments (refer note 23 and 45)		2,974	-
Total	B	2,974	-
Total	(A-B)	5,067	-
Aggregate value of unquoted investments		8,041	-
Aggregate amount of impairment in value of investments		2,974	-

* Investments have been classified as current investments during the current year (refer note 45)

5.2 Trade receivables

	As at March 31, 2021	As at March 31, 2020
Carried at amortised cost		
Trade receivables - subsidiaries/fellow subsidiaries (refer note 23 and 26)		
- Unsecured, considered good	38,354	38,888
Total	38,354	38,888
Break-up for trade receivables		
Unsecured, considered good	38,354	38,888
Trade receivables - credit impaired (refer note 45)	1,663	-
	40,017	38,888
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired (refer note 45)	1,663	-
Total	38,354	38,888

(a) Non current trade receivables are interest bearing at the rate of 10% p.a.
(b) No trade or other receivables are due from director or other officers of the Company either severally or jointly with any other person.
(c) Trade receivable are considered as non current pursuant to the restrictions under the bond indenture of Senior notes/Green bond issued by certain subsidiaries of Holding Company, referred as entities of the Restricted Group and will be settled post maturity of such Senior notes/ Green Bond.

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	As at March 31, 2021	As at March 31, 2020
5.3 Loans		
(Unsecured, considered good)		
Carried at amortised cost		
Loans to subsidiaries/fellow subsidiaries (refer note 26)	79,410	9,029
Security deposits	149	287
Performance guarantee deposit	78	69
Total	79,637	9,385
5.4 Other financial assets		
Carried at amortised cost		
Term deposits*	26,611	19,024
Interest accrued on term deposits	1,973	1,303
Interest accrued on loans to subsidiaries/fellow subsidiaries (refer note 26)	5,110	577
Interest accrued on trade receivables from subsidiaries/fellow subsidiaries (refer note 26)	3,626	-
Financial asset at fair value through other comprehensive income		
Derivative assets	208	1,147
Total	37,528	22,051

* Represents cash margin against bank guarantees issued for bidding and execution of new projects and deposits against letter of credit issued by various

	As at March 31, 2021	As at March 31, 2020
6. Income tax assets (net)		
Advance income-tax (net of provision for tax)	2,559	2,993
Total	2,559	2,993
7. Other non-current assets		
(Unsecured, considered good)		
Capital advances	166	1,088
Deferred financing cost	597	559
Balances with statutory authorities	-	347
Prepaid assets	73	219
Prepaid performance guarantee deposit	793	833
Contract assets	289	303
Prepaid asset - land use rights	71	111
Total	1,989	3,460
8. Current financial assets		
(Carried at amortised cost, unless stated otherwise)		
8.1 Trade receivables		
Trade receivables - subsidiaries/fellow subsidiaries (refer note 23 and 26)	8,246	11,436
Trade receivables - others*	4,291	4,150
Total	12,537	15,586
Break-up for trade receivables		
Unsecured, considered good	12,537	15,586
Trade receivables - credit impaired**	155	491
	12,692	16,077
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired**	155	491
Total	12,537	15,586

*Trade receivbles are non-interest bearing and are generally on terms of 30 to 75 days
** Includes amount INR 106 lakh (previous year 31 March 2020: NIL) dues from subsidiaries, refer note 26 and 45

	As at March 31, 2021	As at March 31, 2020
8.2 Cash and cash equivalents		
Balances with banks:		
- In current accounts	1,440	11,332
- Deposits with original maturity of less than 3 months	15,598	13,597
Total	17,038	24,929
8.3 Other bank balances		
- Deposits with original maturity of more than 3 months but remaining maturity of less than 12 months	5,596	11,295
Total	5,596	11,295

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(INR amount in lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
8.4 Loans		
(Unsecured, considered good)		
Carried at amortised cost		
Loans to subsidiaries/ fellow subsidiaries (refer note 26)*	6,763	7,922
Advances to related parties (refer note 26)	7,312	8,436
Total	14,075	16,358

* The loans have been granted to subsidiaries /fellow subsidiaries which are repayable in one year. These loans carry interest rate ranging from 10.00% to 12% p.a.

8.5 Other current financial assets		
Carried at amortised cost		
Interest accrued on term deposits	207	450
Interest accrued on loans and advances to subsidiaries/ fellow subsidiaries (refer note 26)	428	128
Viability gap funding receivable	9	9
Carried at fair value through other comprehensive income		
Derivative assets	378	-
Total	1,022	587

9. Other current assets		
(Considered good unless otherwise stated)		
Balance with statutory authorities	2,429	3,132
Advance to vendors		
Unsecured, considered good	95	1,147
Unsecured, considered doubtful	270	270
(Less): Allowance for bad and doubtful advances	(270)	(270)
	95	1,147
Prepaid assets	1,225	1,000
Prepaid performance guarantee deposit	40	40
Contract assets	14	14
Prepaid asset - land use rights	3	5
Other advances	37	52
Total	3,843	5,390

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(INR amount in lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
10. Equity share capital		
Authorised share capital:		
Equity share capital		
4,33,33,333 (March 31, 2020: 4,33,33,333) equity shares of INR 10/- each	4,333	4,333
8,66,66,667 (March 31, 2020: 8,66,66,667) non redeemable compulsory convertible preference shares (CCPS) of INR 10/- each	8,667	8,667
	13,000	13,000
Issued, subscribed and fully paid-up share capital:		
45,51,443 (March 31, 2020: 45,51,443) equity shares of INR 10/- each	455	455
	455	455

A. Reconciliation of number of equity shares

	Number of Shares	Amount
At April 01, 2019	3,660,739	366
Addition during the year*	890,704	89
At March 31, 2020	**4,551,443**	**455**
Addition during the year	-	-
At March 31, 2021	4,551,443	455

*During the previous year, the Company had issued 8,90,704 number of equity shares of INR 10 each fully paid up to Azure Power Global Limited @ INR 6,078 (which includes INR 6,068 as security premium) per share.

B. Terms/rights attached to shares

The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by ultimate holding company

Out of equity shares issued by the Company, shares held by its ultimate holding company are as below:

	March 31, 2021	March 31, 2020
Azure Power Global Limited, the ultimate holding company		
44,48,856 (March 31, 2020: 44,48,856) equity shares of INR 10/-each fully paid up	445	445

D. Details of major shareholders holdings

Name of the shareholder	Number of shares held March 31, 2021	Percentage of holding March 31, 2021	Number of shares held March 31, 2020	Percentage of holding March 31, 2020
Equity shares of INR 10 each fully paid				
Azure Power Global Limited	4,448,856	97.75%	4,448,856	97.75%
Inderpreet S Wadhwa (refer note 33, contingent liabilities)	97,497	2.14%	97,497	2.14%

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

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(INR amount in lakhs, unless otherwise stated)

11. Other equity

For the year ended March 31, 2021:

Particulars	Deemed capital contribution by parent / ESOP reserve (refer note 11.1)	Reserves and surplus		Items of OCI		Total equity
		Surplus in the statement of profit and loss (refer note 11.2)	Securities premium (refer note 11.3)	Cash flow hedge reserve (refer note 11.4)	Defined benefit plans (refer note 11.5)	
At April 01, 2020	2,060	35,828	333,736	(1,006)	(38)	370,580
Loss for the year	-	(23,930)	-	-	-	(23,930)
Other comprehensive income/ (loss)	-	-	-	(589)	(23)	(612)
Total comprehensive income	2,060	11,898	333,736	(1,595)	(61)	346,038
Deemed capital contribution by parent on account of employee stock option plan (refer note 25)	397	-	-	-	-	397
At March 31, 2021	2,457	11,898	333,736	(1,595)	(61)	346,435

For the year ended March 31, 2020:

Particulars	Deemed capital contribution by parent / ESOP reserve (refer note 11.1)	Reserves and surplus		Items of OCI		Total equity
		Surplus in the statement of profit and loss (refer note 11.2)	Securities premium (refer note 11.3)	Cash flow hedge reserve (refer note 11.4)	Defined benefit plans (refer note 11.5)	
At April 01, 2019	1,881	37,501	279,844	(510)	14	318,730
Loss for the year	-	(1,673)	-	-	-	(1,673)
Other comprehensive income/ (loss)	-	-	-	(496)	(52)	(548)
Total comprehensive income	1,881	35,828	279,844	(1,006)	(38)	316,509
Securities premium on issue of equity shares (refer note 10)	-	-	53,892	-	-	53,892
Deemed capital contribution by parent on account of employee stock option plan (refer note 25)	179	-	-	-	-	179
At March 31, 2020	2,060	35,828	333,736	(1,006)	(38)	370,580

Nature and purpose of reserves

11.1 Deemed capital contribution by parent / ESOP reserve

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

11.2 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss are the results of the Company earned till date net of appropriations.

11.3 Securities premium reserve

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.

11.4 Cash flow hedge reserve

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses cross currency swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

11.5 Defined benefit plans

Defined benefits plans includes all the remeasurements, comprising of actuarial gains/losses on defined benefits obligation and fair value of assets.

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12. Non-current financial liabilities

12.1 Non-current borrowings

At amortised cost	Non-current portion		Current portion	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Term loans (secured)				
Term loans from bank[1]	11,041	25,154	864	1,423
Term loans from financial institutions[2]	67,536	55,042	3,200	2,433
Foreign currency loan from bank[3]	21,416	42,368	34,141	-
Foreign currency loan from financial institutions[3]	52,074	-	986	-
Non-convertible debentures				
Non-convertible debentures- Secured [4]	-	-	-	14,814
Non-convertible debentures- Unsecured [4]	18,731	18,680	-	-
From related party (unsecured)				
Loan from subsidiary[5] (refer note 26)	62,457	21,536	-	-
Total borrowings	233,255	162,780	39,191	18,670
Less:-				
Amount disclosed under the head "Other current financial liabilities" (refer note 14.3)	-	-	39,191	18,670
Total	233,255	162,780	-	-

[1] Term loans from banks

The Company has taken a loan amounting INR 16,010 lakhs from Yes Bank in financial year 2015-16 for financing of its 30 MW Solar project at Chhattisgarh and which carries a floating rate of interest at a base rate plus 1.5% per annum. The loan is repayable in 58 quarterly instalments started from December 31, 2015 and ending on December 31, 2029. It is secured by first charge on Company's movable properties. The loan is secured by exclusive charge on the immovable properties and hypothecation on all the movable fixed assets both present and future.

During the financial year 2018-19 and 2019-20, the Company borrowed INR 10,700 lakhs and INR 4,000 lakhs, respectively, from Yes Bank, for financing a 200 MW solar power project. The annual floating interest rate is at MCLR plus 0.55%. The loan is repayable in 74 quarterly instalments and commenced March 2020. The borrowing is collateralized by the underlying solar power project assets. This loan has been repaid during the current year under refinancing.

[2] Term loans financial institutions

The Company has taken a loan amounting INR 5,381 lakhs from Rural Electrification Corporation Limited (RECL) in financial year 2016-17 for financing of its 10 MW Solar project in Karnataka. The rate of interest shall be applicable for a Grade-III borrower for the financing and will reset after 10 years. The floating interest rate is at REC lending rate. The loan is repayable in 60 quarterly instalments starting from June 30, 2017 and ending on March 31, 2032. It is secured by first charge on Company's movable properties. The loan is secured by exclusive charge on the immovable properties and hypothecation on all the movable items of property, plant and equipment both present and future. This loan has been repaid during the current year under refinancing.

During the year ended March 31, 2021, the Company borrowed an amount of INR 4,125 Lakhs from Kotak Infrastructure Debt Fund Limited for financing of a 10 MW solar power project with Bangalore Electricity Supply Company Limited. The loan is disbursed to refinance the loan taken from REC Limited mentioned above. These facilities carry an interest rate of 8.50% per annum fixed till September 30, 2022 and shall be reset every two years thereafter. The loan is repayable in 54 quarterly instalments commencing from December 2020. The borrowing is collateralized by movable and immovable properties of the underlying solar power project assets operating working capital and pledge of at least 51% issued equity shares and CCDs of the Company.

The Company had taken loan amounting INR 30,000 lakhs from Infrastructure Leasing & Financial Service (IL&FS) and 8,000 lakhs from Industrial Development Bank of India (IDBI) from March 2017 through May 2017 for financing of its 100 MW Solar project at Andhra Pradesh and was refinanced with a new loan during September 2017 for INR 57,300 lakhs from Indian Renewable Energy Development Agency (IREDA). The floating interest rate is at Grade-II as per IREDA. The loan is repayable in 73 quarterly instalments starting from June 30, 2018 and ending on June 30, 2036. It is secured by underlying solar power projects assets.

During the year ended March 31, 2021, the Company borrowed amount of INR 17,343 Lakhs from Aditya Birla Finance Limited and Tata Cleantech Capital Limited for financing of its 200 MW solar project with Solar Energy Corporation of India. The loan was borrowed from a consortium of banks led by Yes Bank, which carries annual floating rate of interest at a MCLR (Marginal cost of funds-based lending rate) plus 0.55%. The loan is repayable in 72 quarterly instalments commencing from September 2020. The borrowing is collateralized by the underlying solar power project assets.

[3] Foreign currency loan from banks and financial institutions

During financial year 2018-19 and 2019-20, the Company entered into buyer's credit facility amounting to US$ 228.01 lakhs and US$ 345.80 lakhs, respectively, at six months LIBOR plus 0.5% spread, for its 200 MW solar power project. The Company has taken US$/INR full currency swap for its principal and interest payment. As per this, the Company pays fixed INR, receives US$ and pays fixed interest ranging between 8.11% to 8.12%, for respective buyers' credit and receives a variable interest at six months LIBOR plus 0.5% on the US$ notional amount. The facility is repayable starting from September 2021 till April 2022.

During the year ended March 31, 2021, the Company borrowed INR 69,311 Lakhs for providing funds to project SPVs as shareholder loans or through other instrument for capital expenditure or for payment of capital expenditure in respect of each project from Export Development Canada and Standard Chartered Bank (Singapore) Limited. These facilities are foreign currency loans and carries an interest rate of LIBOR+Margin of 3.95% and the loan is repayable in 8 half yearly instalments commencing from November 2021. The borrowing is collateralized by the shares of project SPVs and hypothecation/charge over receivables of the Company.

[4] Non-Convertible Debentures

During September 2017, the Company has issued Non-convertible debentures and borrowed INR 19,000 lakhs. The debentures carry an interest rate of 12.30% per annum. The debentures are repayable in 11 equated semi-annual instalments beginning September 2022 until September 2027 and interest payments are payable semi-annually commencing March 2018. The issuance expenses are amortized over the term of the contract using the effective interest rate method. The Non-convertible debentures are secured by charge on the debt service reserve account (DSRA) in favour of the Debenture Trustee.

During September 2018, the Company issued Non-convertible debentures and borrowed INR 15,000 lakhs which has been renewed during the year. The debentures carry an interest rate of 10.50% per annum. The debentures are repayable on the expiry of a period of 15 months from the date of allotment and interest payments are payable every three months commencing from December 2019. The issuance expenses are amortized over the term of the contract using the effective interest rate method. The non-convertible debentures are collateralized with the shares of eight of the Company's subsidiaries in terms of the debentures deed, total assets of one of its subsidiaries and a charge over loans and advances. The loan has been repaid during the year.

[5] Loan from subsidiary

The Company has taken an unsecured loans from its subsidiaries/fellow subsidiaries which are repayable after 3 to 20 years. These loans from group companies carry interest rate ranging from 10% to 12% per annum. Refer note 26 for further details.

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	As at March 31, 2021	As at March 31, 2020
12.2 Other financial liabilities		
Financial liabilities at fair value through profit and loss		
Cash-settled share-based payments	11,157	2,005
Financial liabilities at fair value through other comprehensive income		
Derivative liabilities	2,374	-
Other financial liabilities at amortised cost		
Interest accrued and not due on borrowings from subsidiaries/fellow subsidiaries (refer note 26)	494	-
Total	**14,025**	**2,005**

13. Provisions

13.1 Non-current		
Provision for gratuity (refer note 36)	221	128
Provision for decommissioning liabilities*	1,539	1,504
Total	**1,760**	**1,632**

*A provision has been recognised for decommissioning costs associated with solar power plants constructed on leasehold land. The Company is under an obligation to decommission the plant at the expiry of the lease term, before handing over the leasehold land to the lessor.

Movement for provision for decommissioning liabilities		
Opening provision	1,504	1,417
Addition during the year	-	4
Amount adjusted due to change in estimate	(61)	-
Accretion during the year	96	83
Closing provision	**1,539**	**1,504**
13.2 Current		
Provision for compensated absences	222	124
Provision for gratuity (refer note 36)	9	16
Total	**231**	**140**

14. Current financial liabilities
(Carried at amortised cost)

14.1 Current borrowings

Secured loans, Repayable on Demand		
From Banks:		
Term Loan*	15,155	-
Unsecured		
From subsidiaries/ fellow subsidiaries:		
Loans from subsidiaries/ fellow subsidiaries (refer note 26)**	172	34,685
Total	**15,327**	**34,685**

***Working capital demand loan**
For the year ended March 31, 2021, the Company has taken a short-term loan facility of INR 15,285 Lakhs from HSBC Bank. Borrowings under this facility are repayable within 12 months of disbursement. The facility bears an interest rate of 8.75% per annum, payable monthly.

****Loans from subsidiaries/fellow subsidiaries**
The loans have been taken from subsidiaries at interest rate of 10.6% p.a. to 12.5% p.a. which are repayable in one year. The Company utilised the loans for business purposes.

14.2 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 29)	591	73
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	3,281	5,146
Total	**3,872**	**5,219**
* Includes payable to related parties (refer note 26)	334	334

(a) Trade payables are non-interest bearing and are normally settled upto 90 days terms.
(b) For terms and conditions relating to related party payables, see note 26.

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

	As at March 31, 2021	As at March 31, 2020
14.3 Other current financial liabilities		
Other financial liabilities at amortised cost		
Current maturities of non-current borrowings (refer note 12.1)	39,191	18,670
Interest accrued and not due on borrowings from subsidiaries/fellow subsidiaries (refer note 26)	42	5,268
Interest accrued and not due on borrowings	1,914	107
Advance from subsidiaries/fellow subsidiaries (refer note 26)	24,511	28,486
Payable to subsidiaries/fellow subsidiaries (refer note 26)	1,704	2,358
Payable towards purchase of capital goods#	400	3,853
Financial liabilities at fair value through profit and loss		
Cash-settled share-based payments	1,020	727
Total	**68,782**	**59,469**

Payable towards purchase of capital goods includes INR 28 lakhs (March 31, 2020: 873 lakhs) outstanding dues of micro enterprises and small enterprises (refer note 29).

15. Other current liabilities		
Statutory dues	236	358
Deferred revenue	1,497	-
Total	**1,733**	**358**

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
16. Deferred tax liabilities (net)		
Deferred tax liabilities (net)	-	2,699
Total	-	2,699
16.2 Deferred tax assets (net)		
Deferred tax asset (net)	5,598	-
Total	5,598	-

Reconciliation of deferred tax assets and liabilities (net)

	As at April 01, 2019	Movement during the year	As at March 31, 2020	Movement during the year	As at March 31, 2021
Deferred tax liability:					
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	18,225	(3,452)	14,773	15,021	29,794
Total deferred tax liability (A)	18,225	(3,452)	14,773	15,021	29,794
Deferred tax assets:					
Deferred tax assets on brought forward losses	621	3,573	4,194	23,895	28,089
Minimum alternate tax credit entitlement	6,614	(861)	5,753	-	5,753
Provision on trade receivables	82	90	172	(155)	17
Provision for employee benefits	261	(93)	168	(22)	146
Provision for asset retirement obligation	175	350	525	(138)	387
Provision for SAR	-	612	612	(612)	-
VGF Liability	-	-	-	1	1
Lease liability	-	90	90	21	111
Total deferred tax assets (B)	7,753	3,761	11,514	22,990	34,504
Deferred tax asset / (liability) (Net) (A - B) through Profit and Loss	**(10,472)**	**7,213**	**(3,259)**	**7,969**	**4,710**
Derivative liability through OCI	267	293	560	328	888
Deferred tax asset / (liability) (net) (A - B)	(10,205)	7,506	(2,699)	8,297	5,598

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

		For the year ended March 31, 2021	For the year March 31, 2020
Accounting profit before income tax		(31,899)	(9,533)
Applicable statutory income tax rate		34.94%	34.94%
Tax at applicable tax rate	(A)	(11,146)	(3,331)
Tax effect of expenses that are not deductible in determining taxable profit:			
Permanent difference disallowed under income tax		7,675	334
Impact of income tax transition on deferred tax on property, plant and equipment		(5,444)	(5,023)
Adjustments in relation to tax expense of previous years		-	(647)
Others		946	(54)
Total	(B)	3,177	(5,390)
Tax effect of income that are not taxable in determining taxable profit:			
MAT credit entitlement			861
Total	(C)	-	861
Total tax (benefit)/expense	(A+B+C)	(7,969)	(7,860)
Component of tax expenses			
Income tax adjustment pertaining to earlier years		-	(647)
Deferred tax charge/ (benefit)		(7,969)	(7,213)
Total tax (benefit)/ expense		(7,969)	(7,860)

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(INR amount in lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
17. Revenue from operations		
Revenue from contracts with customers		
Sale of power	26,319	20,446
Construction revenue (refer note 26)	923	81,158
Services rendered		
- Operations and maintenance services*	-	3,800
- Management fees#	9,707	6,873
- Technical services	-	1,861
Other operating revenue		
Viability gap funding income	-	2
Carbon credit emission income	420	-
Total	**37,369**	**114,140**

* Till November 30, 2019, the operations of some of the subsidiary companies including operations and maintenance of the solar plant were managed by the employees of the Company for which a fee was charged by the Company on the basis of mutually agreed rates as per the operation and maintenance agreement entered by the subsidiary companies with the Company.

#Effective December 01, 2019, certain employees were transferred from Company to the subsidiary companies and the operation and maintenance activities were carried out in-house by those companies. The Company is providing certain services to the subsidiary companies in exchange of management fees.

There is no difference between revenue recognised as per P&L and contracted price therefore no reconciliation is required to be disclosed

	For the year ended March 31, 2021	For the year ended March 31, 2020
18.1 Other income		
Net gain on sale of current investments measured at FVTPL	-	537
Exchange gain (net)	12	-
Gain on lease modification (refer note 32)	475	-
Provision/liabilities no longer required written back	1,273	-
Miscellaneous income	283	370
Total	**2,043**	**907**
18.2 Finance income		
Interest income on financial asset measured at amortised cost		
- Term deposits	2,538	3,010
- Loan to subsidiaries/fellow subsidiaries (refer note 26)	5,297	5,529
- Trade recivables from subsidiaries (refer note 26)	3,920	-
- Others	124	28
Total	**11,879**	**8,567**
19. Construction, sub contracting and other site expenses		
Cost of material and services consumed	758	74,057
Total	**758**	**74,057**
Break up of cost of material consumed		
Cable and electrical material	81	6,853
Solar modules and mounting structure	312	59,386
Others	365	7,818
Total	**758**	**74,057**
20. Employee benefits expense		
Salaries, wages and bonus	3,907	7,741
Contribution to provident and other funds	185	302
Gratuity expense (refer note 36)	56	94
Staff welfare expenses	13	347
Share based payment expense (refer note 25)	13,583	1,881
Total	**17,744**	**10,365**

Effective December 01, 2019, certain employees have been transferred from Company to the subsidiary companies (refer note 26).

	For the year ended March 31, 2021	For the year ended March 31, 2020
21. Depreciation and amortization expense		
Depreciation of tangible assets	9,938	9,499
Depreciation on right-of-use assets (refer note 32)	489	751
Amortization of intangible assets	371	519
Total	**10,798**	**10,769**

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
22. Finance cost		
Interest expenses on financial liabilities measured at amortised cost		
- Term loans	20,493	19,484
- Loans from subsidiaries/ fellow subsidiaries (refer note 26)	5,997	5,109
- Lease liabilities (refer note 32)	457	678
Loan prepayment charges	231	-
Other borrowing costs	1,506	1,361
Interest on delayed payment of statutory dues	41	-
Other finance cost	188	435
Total	**28,913**	**27,067**

23. Other expenses (refer note 30)		
Power and fuel	88	102
Guest house expense	36	127
Rent (refer note 32)	14	43
Rates and taxes	1,244	1,269
Insurance	316	204
Repair and maintenance		
-Plant and machinery	346	1,023
-Vehicle	17	52
-Other repairs	235	556
Advertisement and sales promotion	55	88
Travelling and conveyance	53	649
Communication costs	107	154
Printing and stationery	11	35
Legal and professional fees	1,015	2,274
Corporate social responsibilities (refer note 28)	180	372
Recruitment expenses	129	392
Security charges	303	1,215
Bank charges	49	8
Software maintenance charges	230	142
Foreign exchange fluctuation (net)	-	964
Loss on sale of property, plant and equipment (net)	23	186
Provision for expected credit losses (refer note 5.2, 8.1 and 45)	1,768	580
Provision for doubtful advances (refer note 9)	-	270
Provision for diminution in value of investments (refer note 5 and 45)	18,388	16
Miscellaneous expenses	370	168
Total	**24,977**	**10,889**

Payment to auditor:		
As auditor:		
Audit fee (Inclusive of taxes)	37	35
In Other Capacity		
Other services (Inclusive of taxes)	3	6
Reimbursement of expenses	2	2
Total	**42**	**43**

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020

24. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2021	For the year ended March 31, 2020
(Loss)/ Profit after tax for calculation of basic EPS	(23,930)	(1,673)
(Loss)/ Profit after tax for calculation of diluted EPS	(23,930)	(1,673)
Weighted average number of equity shares in calculating basic EPS	4,551,443	3,910,520
Total weighted average number of shares in calculating diluted EPS	4,551,443	3,910,520
Basic Earning per share (In INR)	(525.77)	(42.78)
Diluted Earning per share (In INR)	(525.77)	(42.78)

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

25. Share-based payment

(i) Employee Stock Option Plans (ESOPs)
ESOPs are issued by Azure Power Global Limited (ultimate holding Company) to the employees of the Company and some entities forming part of the Group. As per Ind AS 102, *Share-based Payment*, the Company adopts fair valuation model for calculating its expense under ESOP's. ESOP gives an employee a right to purchase equity shares of Azure Power Global Limited at exercise price.

Description of terms and conditions of grant

Method of valuation of grants
Ind AS 102 requires adoption of graded vesting mechanism. Accordingly the stock compensation expense is computed separately for each tranche. The fair value of the share options is estimated at the grant date using a Black Scholes option pricing Model taking into account the terms and conditions upon which the share options were granted considering the following inputs:-

Particulars	March 31, 2021	31-Mar-20
Exercise Price	1,466	918
Expected Volatility	33.95% - 45.6%	31.1% - 32.1%
Expected life of options granted in years	3.7 - 7.42	4.3 - 5.7
Dividend yield (%)	0%	0%
Risk-free Interest Rate	0.49% - 1.01%	0.47% - 0.62%

The details of activity have been summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year*	**870,065**	**756**	**1,493,237**	**726**
Granted during the year	443,772	1,466	25,760	918
Forfeited during the year	(75,837)	861	(531,716)	832
Exercised during the year	(545,212)	709	(117,216)	129
Converted from RSU**	10,920	-	-	-
Outstanding at the end of the year	**703,708**	**1,217**	**870,065**	**756**
Exercisable at the end of the year	231,712	852	601,636	727

** During the year, the Company has converted RSU issued to its Board members into Restricted Shares (RS) at the then current share price on the date of conversion to be settled into equity shares of the Company.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:
Incremental fair value recognized as an expense over the remaining period of service condition. In case of already vested options, incremental fair value recognized immediately. Any decrease in fair value of options is not accounted for.
The Company recognises ESOP cost in the consolidated statement of profit and loss, except the cost of services which is initially capitalized by the company as part of the cost of property, plant and equipment and corresponding increase in equity as a contribution from holding company.

	March 31, 2021	March 31, 2020
Expense arising from equity-settled share-based payment transactions	397	179
Amount of expense capitalised	44	103
Total increase in equity arising from equity-settled share-based payment transactions	**441**	**282**

(ii) Stock Appreciation Rights (SARs)

The Company granted incentive compensation in the form of Stock Appreciation Rights ("SARs"), as defined in the APGL 2016 Equity Incentive Plan, as amended in 2020, to its CEO and COO. The SARs have been granted in 3 tranches with maturity dates up to March 31, 2028.

The fair value of the share options is estimated at the grant date using a Black Scholes Option Pricing Model taking into account the terms and conditions upon which the SARs were granted considering the following inputs:-

	March 31, 2021	March 31, 2020
Exercise Price	2,056	752
Share price at measurement date (INR per share)	1,999	1,153
Expected Volatility	45.2% - 45.64%	27.06% - 34.43%
Expected life of SAR granted in years	3.71 – 5.21	4.0 – 7.3
Dividend yield (%)	0%	0
Risk-free Interest Rate	0.63% - 1.01%	0.15% - 0.58%

The details of activity have been summarized below:

	As at March 31, 2021		As at March 31, 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	**1,970,000**	**752**	-	-
Granted during the year	80,000	2,056	1,970,000	752
Exercised during the year	(175,000)	722	-	-
Outstanding at the end of the year	**1,875,000**	**810**	**1,970,000**	**752**
Exercisable at the end of the year	417,500	757	350,000	722

Effect of the stock appreciation rights on the statement of profit and loss account and on its financial position:
The Company recognises SAR cost in the consolidated statement of profit and loss, except the cost of services which is initially capitalized by the Company as part of the cost of property, plant and equipment and corresponding increase in liability for cash-settled shared-based payments.

	March 31, 2021	March 31, 2020
Expense arising from cash-settled share-based payment transactions	13,186	1,702
Amount of expense capitalised	-	1,030
Total amount of liability arising from cash settled share-based payment transactions	**13,186**	**2,732**

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Azure Power India Private Limited New Delhi

(INR amount in lakhs, unless otherwise stated)

26. Related party disclosures:
The list of related parties as identified by the management is as under:

Related parties where control exists

Ultimate holding company:	Azure Power Global Limited
Key managerial personnel:	Mr. Ranjit Gupta (Chief Executive Officer and Director w.e.f. July 18, 2019) Mr. Murali Subramanian (President w.e.f. July 18, 2019 till November 30, 2019) Mr. Pawan Kumar Agrawal (Chief Financial Officer w.e.f March 15, 2019) Mr. Sanjeev Aggarwal (Director till October 5, 2020) Mr. Barney Sheppard Rush (Director) Mr. Arno Lockheart Harris (Director) Mr. Cyril Sabastien Dominique Cabanes (Director) Mr. Rajendra Prasad Singh (Director till August 19, 2020) Mr. Deepak Malhotra (Director w.e.f November 28, 2019) Mr. Inderpreet Singh Wadhwa (Director till July 17, 2019) Mr. Harkanwal Singh Wadhwa (Director till March 31, 2020) Mr. Kapil Sharma (Company Secretary) Mr. Unnikrishnan Mangalath Sukumarapanicker (Nominee Director w.e.f. August 19, 2020) Ms. Supriya Prakash Sen (Director w.e.f. August 01, 2020)
Holding company:	Azure Power Global Limited
Subsidiary company:	Azure Power (Punjab) Private Limited Azure Power (Haryana) Private Limited Azure Solar Private Limited Azure Power (Rajasthan) Private Limited Azure Solar Solutions Private Limited Azure Sun Energy Private Limited Azure Urja Private Limited Azure Surya Private Limited Azure Power (Karnataka) Private Limited Azure Photovoltaic Private Limited Azure Power Infrastructure Private Limited Azure Power (Raj.) Private Limited Azure Green Tech Private Limited Azure Renewable Energy Private Limited Azure Clean Energy Private Limited Azure Sunrise Private Limited Azure Sunlight Private Limited Azure Sunshine Private Limited Azure Power Earth Private Limited Azure Power Eris Private Limited Azure Power Jupiter Private Limited Azure Power Makemake Private Limited Azure Power Mars Private Limited Azure Power Mercury Private Limited Azure Power Pluto Private Limited Azure Power Uranus Private Limited Azure Power Venus Private Limited Azure Power Saturn Private Limited Azure Power Thirty Three Private Limited Azure Power Thirty Four Private Limited Azure Power Thirty Five Private Limited Azure Power Thirty Six Private Limited Azure Power Thirty Seven Private Limited Azure Power Thirty Eight Private Limited Azure Power Thirty Nine Private Limited Azure Power Forty Private Limited Azure Power Forty One Private Limited Azure Power Forty Two Private Limited Azure Power Forty Three Private Limited Azure Power Forty Four Private Limited Azure Power Forty Six Private Limited Azure Power Fifty Private Limited Azure Power Fifty One Private Limited Azure Power Fifty Two Private Limited Azure Power Fifty Three Private Limited Azure Power Fifty Four Private Limited Azure Power Fifty Five Private Limited Azure Power Fifty Six Private Limited Azure Power Fifty Seven Private Limited Azure Power Fifty Eight Private Limited Azure Power Green Private Limited Azure Power Maple Private Limited Azure Power US Inc
Fellow subsidiary company:	Azure Power Rooftop Private Limited Azure Power Rooftop (Genco) Private Limited Azure Power Rooftop One Private Limited Azure Power Rooftop Two Private Limited Azure Power Rooftop Three Private Limited Azure Power Rooftop Four Private Limited Azure Power Rooftop Five Private Limited Azure Power Rooftop Six Private Limited Azure Power Rooftop Seven Private Limited Azure Power Rooftop Eight Private Limited Azure Power Rooftop Nine Private Limited Azure Power Rooftop Ten Private Limited Azure Power Rooftop Eleven Private Limited Azure Power One Private Limited Azure Power Rooftop Twelve Private Limited
Associate company:	Waaree Power Private Limited

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

Following transactions were carried out with related parties in the ordinary course of business for the year ended March 31, 2021:

I. Transactions during the year

a) Expenditure incurred by company on behalf of	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	8	9
Azure Power (Haryana) Private Limited	2	174
Azure Solar Private Limited	34	28
Azure Power (Rajasthan) Private Limited	24	34
Azure Solar Solutions Private Limited	15	20
Azure Sun Energy Private Limited	4	3
Azure Urja Private Limited	25	113
Azure Surya Private Limited	5	238
Azure Power (Karnataka) Private Limited	9	52
Azure Photovoltaic Private Limited	40	257
Azure Power Infrastructure Private Limited	41	212
Azure Power (Raj.) Private Limited	17	167
Azure Green Tech Private Limited	35	92
Azure Renewable Energy Private Limited	3	151
Azure Clean Energy Private Limited	44	280
Azure Sunrise Private Limited	52	195
Azure Sunlight Private Limited	5	1
Azure Sunshine Private Limited	15	33
Azure Power Earth Private Limited	23	200
Azure Power Eris Private Limited	8	44
Azure Power Jupiter Private Limited	19	295
Azure Power Makemake Private Limited	2	70
Azure Power Mars Private Limited	4	10
Azure Power Mercury Private Limited	1	289
Azure Power Pluto Private Limited	63	503
Azure Power Uranus Private Limited	18	22
Azure Power Venus Private Limited	39	1,419
Azure Power Saturn Private Limited	3	7
Azure Power Thirty Three Private Limited	39	533
Azure Power Thirty Four Private Limited	36	78
Azure Power Thirty Six Private Limited	7	119
Azure Power Thirty Seven Private Limited	29	398
Azure Power Thirty Eight Private Limited	35	712
Azure Power Thirty Nine Private Limited	1	2
Azure Power Forty Private Limited	200	96
Azure Power Forty One Private Limited	434	285
Azure Power Forty Three Private Limited	4,309	1,859
Azure Power Forty Four Private Limited	3	15
Azure Power Forty Six Private Limited	393	35
Azure Power Rooftop (Genco) Private Limited	-	32
Azure Power Rooftop One Private Limited	-	37
Azure Power Rooftop Three Private Limited	-	12
Azure Power Rooftop Four Private Limited	-	9
Azure Power Rooftop Five Private Limited	-	5
Azure Power Rooftop Eight Private Limited	1	11
Azure Power Maple Private Limited	303	361
Azure Power Fifty One Private Limited	7	-
Azure Power Fifty Two Private Limited	27	-
Azure Power US Inc.	3	-
Aster Power Inc	27	16
Azure Power Energy Limited	24	-
Mr. Ranjit Gupta (Chief Executive Officer and Director)	-	32
Mr. Inderpreet Singh Wadhwa (Former Director)	-	11

b) Expenditure incurred by others on behalf of Company	March 31, 2021	March 31, 2020
Azure Power Global Limited	-	1,666
Azure Power Rooftop Private Limited	-	490
Azure Power Rooftop Private Limited	84	-
Azure Power Rooftop (Genco) Private Limited	2	-
Azure Power Rooftop One Private Limited	1	-
Azure Power Rooftop Four Private Limited	1	-

c) Sale of vehicle	March 31, 2021	March 31, 2020
Mr. Inderpreet Singh Wadhwa (Former Director)	-	92

d) Professional services received	March 31, 2021	March 31, 2020
Mr. Inderpreet Singh Wadhwa (Former Director)	-	270

e) Construction services rendered	March 31, 2021	March 31, 2020
Azure Power Thirty Four Private Limited	285	55,968
Azure Power Thirty Three Private Limited	602	9,343
Azure Power Thirty Six Private Limited	-	2,500
Azure Power Earth Private Limited	-	9,346
Azure Power Jupiter Private Limited	-	2,660
Azure Power Thirty Eight Private Limited	-	788
Azure Power Forty Private Limited	-	128
Azure Power Forty Four Private Limited	36	441
Azure Power Rooftop Private Limited	-	53
Azure Power Mercury Private Limited	-	34
Azure Sunlight Private Limited	-	3
Azure Photovoltaic Private Limited*	-	(102)
Azure Power Venus Private Limited*	-	(4)

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

f) Operation and maintenance services rendered

	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	-	21
Azure Power (Haryana) Private Limited	-	99
Azure Solar Private Limited	-	358
Azure Power (Rajasthan) Private Limited	-	51
Azure Solar Solutions Private Limited	-	15
Azure Sun Energy Private Limited	-	24
Azure Urja Private Limited	-	334
Azure Surya Private Limited	-	97
Azure Power (Karnataka) Private Limited	-	97
Azure Photovoltaic Private Limited	-	125
Azure Power Infrastructure Private Limited	-	161
Azure Power (Raj.) Private Limited	-	125
Azure Green Tech Private Limited	-	137
Azure Renewable Energy Private Limited	-	35
Azure Clean Energy Private Limited	-	137
Azure Sunrise Private Limited	-	156
Azure Sunlight Private Limited	-	4
Azure Sunshine Private Limited	-	68
Azure Power Eris Private Limited	-	101
Azure Power Jupiter Private Limited	-	180
Azure Power Makemake Private Limited	-	88
Azure Power Mars Private Limited	-	16
Azure Power Mercury Private Limited	-	13
Azure Power Pluto Private Limited	-	469
Azure Power Uranus Private Limited	-	26
Azure Power Venus Private Limited	-	141
Azure Power Saturn Private Limited	-	39
Azure Power Thirty Six Private Limited	-	176
Azure Power Thirty Eight Private Limited	-	42
Azure Power Forty Four Private Limited	-	52
Azure Power Thirty Seven Private Limited	-	411

g) Management services rendered

	March 31, 2021	March 31, 2020
Azure Power Maple Private Limited	3,870	-
Azure Power Forty Three Private Limited	2,615	3,749
Azure Power Forty One Private Limited	1,856	1,679
Azure Power Pluto Private Limited	212	71
Azure Power Forty Private Limited	144	840
Azure Power Thirty Seven Private Limited	142	47
Azure Power Thirty Three Private Limited	122	122
Azure Power Infrastructure Private Ltd	71	24
Azure Sunrise Private Limited	71	24
Azure Power Jupiter Private Limited	71	24
Azure Power Thirty Four Private Limited	61	61
Azure Photovoltaic Private Limited	56	19
Azure Power (Raj.) Private Limited	56	19
Azure Green Tech Private Limited	56	19
Azure Clean Energy Private Limited	56	19
Azure Urja Private Limited	48	16
Azure Power Earth Private Limited	47	47
Azure Sunshine Private Limited	28	9
Azure Power Thirty Six Private Limited	24	24
Azure Power Venus Private Limited	19	19
Azure Power (Karnataka) Private Limited	14	5
Azure Power (Haryana) Private Limited	14	5
Azure Surya Private Limited	14	5
Azure Power Eris Private Limited	14	5
Azure Power Makemake Private Limited	13	13
Azure Power Mars Private Limited	7	2
Azure Power (Punjab) Private Limited	3	1
Azure Power Uranus Private Limited	3	3
Azure Power (Rajasthan) Private Limited	-	2

h) Technical services rendered

	March 31, 2021	March 31, 2020
Azure Power Rooftop Private Limited	-	1,861

i) Interest income*

	March 31, 2021	March 31, 2020
Azure Power Forty Three Private Limited	2,489	112
Azure Power Thirty Three Private Limited	2,187	1,550
Azure Power Forty One Private Limited	985	1,316
Azure Power Earth Private Limited	907	63
Azure Power Forty Four Private Limited	682	5
Azure Power Maple Private Limited	388	40
Azure Power Thirty Four Private Limited	368	359
Azure Power Jupiter Private Limited	286	235
Azure Power Forty Six Private Limited	249	86
Azure Solar Solutions Private Limited	223	191
Azure Power (Rajasthan) Private Limited	122	36
Azure Power Thirty Six Private Limited	101	135
Azure Power Thirty Eight Private Limited	100	656
Azure Power Mercury Private Limited	85	262
Azure Power Saturn Private Limited	14	6
Azure Solar Private Limited	14	-
Azure Power Fifty One Private Limited	13	-
Azure Power Thirty Nine Private Limited	4	4
Azure Photovoltaic Private Limited	-	118
Azure Sunrise Private Limited	-	80
Azure Power Rooftop Private Limited	-	80
Azure Power Venus Private Limited	-	63
Azure Power (Raj.) Private Limited	-	42
Azure Power Rooftop (Genco) Private Limited	-	34
Azure Urja Private Limited	-	29
Azure Green Tech Private Limited	-	10
Azure Power Uranus Private Limited	-	10
Azure Sunshine Private Limited	-	5
Azure Power Pluto Private Limited	-	1
Azure Power Forty Private Limited	-	1

* Includes interest income from trade receivables from related parties.

(INR amount in lakhs, unless otherwise stated)

j) Interest Expense

	March 31, 2021	March 31, 2020
Azure Sunrise Private Limited	2,595	2,453
Azure Power Pluto Private Limited	571	331
Azure Power (Haryana) Private Limited	534	384
Azure Clean Energy Private Limited	400	291
Azure Urja Private Limited	363	253
Azure Green Tech Private Limited	325	200
Azure Power Infrastructure Private Limited	216	112
Azure Sunshine Private Limited	142	143
Azure Power Thirty Seven Private Limited	137	350
Azure Surya Private Limited	116	132
Azure Power Mars Private Limited	114	92
Azure Power (Karnataka) Private Limited	104	86
Azure Power Thirty Four Private Limited	92	-
Azure Power (Punjab) Private Limited	74	72
Azure Photovoltaic Private Limited	73	217
Azure Power Makemake Private Limited	67	-
Azure Power (Raj.) Private Limited	22	245
Azure Power Thirty Six Private Limited	19	-
Azure Power Eris Private Limited	17	30
Azure Power Forty Four Private Limited	10	-
Azure Renewable Energy Private Limited	6	33
Azure Solar Private Limited	-	14
Azure Power Forty Three Private Limited	-	10
Azure Power Forty Private Limited	-	9
Azure Power Thirty Three Private Limited	-	6

k) Key managerial personnel remuneration

	March 31, 2021	March 31, 2020
Mr. Ranjit Gupta (Chief Executive Officer and Director)	6,949	1,672
Mr. Murali Subramanian (President)	6,694	878
Mr. Pawan Kumar Agrawal (Chief Financial Officer)	360	460
Mr. Inderpreet Singh Wadhwa (Former Director)	-	1,061
Mr. Harkanwal Singh Wadhwa (Former Director)	-	567
Mr. Kapil Sharma (Company Secretary)	42	43

l) Loan provided to subsidiary/fellow subsidiary

	March 31, 2021	March 31, 2020
Azure Power Forty One Private Limited	29,560	19,810
Azure Power Forty Three Private Limited	28,609	-
Azure Power Maple Private Limited	14,779	2,095
Azure Power Fifty One Private Limited	800	-
Azure Power Thirty Eight Private Limited	608	613
Azure Solar Private Limited	300	-
Azure Power Thirty Three Private Limited	-	31,628
Azure Power Rooftop Private Limited	-	5,700
Azure Power Thirty Four Private Limited	-	4,950
Azure Power Forty Six Private Limited	-	2,400
Azure Power Earth Private Limited	-	1,200
Azure Power (Rajasthan) Private Limited	-	1,150
Azure Power Thirty Six Private Limited	-	1,019
Azure Power Jupiter Private Limited	-	890
Azure Solar Solutions Private Limited	-	360
Azure Power Venus Private Limited	-	350
Azure Power Mercury Private Limited	-	40
Azure Power Uranus Private Limited	-	2

m) Loan repaid by subsidiary/ fellow subsidiary

	March 31, 2021	March 31, 2020
Azure Power Forty Six Private Limited	2,397	3
Azure Power Forty One Private Limited	1,572	18,301
Azure Power Fifty One Private Limited	800	-
Azure Power Maple Private Limited	544	3
Azure Power Thirty Eight Private Limited	70	-
Azure Power Forty Four Private Limited	50	-
Azure Power (Punjab) Private Limited	1	-
Azure Power Thirty Three Private Limited	-	32,806
Azure Power Rooftop Private Limited	-	7,603
Azure Power Thirty Six Private Limited	-	3,740
Azure Power Thirty Four Private Limited	-	1,500
Azure Photovoltaic Private Limited	-	1,438
Azure Power Venus Private Limited	-	1,265
Azure Power Earth Private Limited	-	1,200
Azure Sunrise Private Limited	-	983
Azure Power Jupiter Private Limited	-	695
Azure Power (Raj.) Private Limited	-	404
Azure Urja Private Limited	-	363
Azure Power Rooftop (Genco) Private Limited	-	315
Azure Power Uranus Private Limited	-	182
Azure Solar Solutions Private Limited	-	152
Azure Green Tech Private Limited	-	90
Azure Power Saturn Private Limited	-	73
Azure Power Forty Three Private Limited	-	55
Azure Sunshine Private Limited	-	50
Azure Power Forty Private Limited	-	10
Azure Power Pluto Private Limited	-	8
Azure Power Rooftop One Private Limited	-	4

(INR amount in lakhs, unless otherwise stated)

n) Loan taken from subsidiary

	March 31, 2021	March 31, 2020
Azure Power Pluto Private Limited	7,153	4,800
Azure Sunrise Private Limited	6,002	2,598
Azure Power (Haryana) Private Limited	5,321	1,852
Azure Power Thirty Four Private Limited	2,550	-
Azure Power Thirty Seven Private Limited	2,013	1,000
Azure Power Makemake Private Limited	1,670	-
Azure Power (Punjab) Private Limited	806	240
Azure Power Thirty Six Private Limited	500	-
Azure Power Forty Four Private Limited	114	-
Azure Clean Energy Private Limited	31	2,114
Azure Urja Private Limited	26	2,600
Azure Sunshine Private Limited	12	200
Azure Surya Private Limited	9	-
Azure Power Mars Private Limited	8	500
Azure Power (Karnataka) Private Limited	8	300
Azure Green Tech Private Limited	-	2,615
Azure Power Infrastructure Private Limited	-	2,512
Azure Power Forty Three Private Limited	-	2,200
Azure Power Forty Private Limited	-	1,900
Azure Power Thirty Three Private Limited	-	1,250
Azure Power (Raj.) Private Limited	-	800
Azure Photovoltaic Private Limited	-	660

o) Loan repaid to subsidiary

	March 31, 2021	March 31, 2020
Azure Power Pluto Private Limited	5,039	5
Azure Green Tech Private Limited	3,475	3
Azure Sunrise Private Limited	3,055	-
Azure Power Thirty Seven Private Limited	2,514	2,761
Azure Power Infrastructure Private Limited	2,512	2,942
Azure Photovoltaic Private Limited	927	1,266
Azure Power (Punjab) Private Limited	623	-
Azure Power (Haryana) Private Limited	540	3
Azure Power (Raj.) Private Limited	264	2,454
Azure Power Eris Private Limited	240	-
Azure Power Mars Private Limited	186	-
Azure Surya Private Limited	180	5
Azure Urja Private Limited	164	346
Azure Power (Karnataka) Private Limited	52	13
Azure Sunshine Private Limited	44	-
Azure Power Forty Three Private Limited	-	2,200
Azure Power Forty Private Limited	-	1,900
Azure Power Thirty Three Private Limited	-	1,250
Azure Renewable Energy Private Limited	-	290
Azure Solar Private Limited	-	200
Azure Clean Energy Private Limited	-	1

p) Construction advance received from subsidiary company

	March 31, 2021	March 31, 2020
Azure Power Earth Private Limited	-	-
Azure Power Thirty Three Private Limited	-	-
Azure Power Thirty Four Private Limited	-	36,411
Azure Power Forty One Private Limited	-	14,600
Azure Power Forty Three Private Limited	-	10,500
Azure Power Forty Six Private Limited	-	5,755

q) Construction advance refunded to subsidiary company

	March 31, 2021	March 31, 2020
Azure Power Forty Three Private Limited	-	18,699
Azure Power Forty Three Private Limited	-	8,939
Azure Power Forty Three Private Limited	-	355

r) Investment in subsidiaries/ associate

	March 31, 2021	March 31, 2020
Azure Power Maple Private Limited	5,000	400
Azure Power Fifty One Private Limited	30	1
Azure Power Fifty Two Private Limited	30	1
Azure Power Fifty Three Private Limited	10	1
Azure Power Thirty Seven Private Limited	6	-
Azure Power Forty Two Private Limited	6	-
Azure Power Fifty Five Private Limited	1	-
Azure Power Fifty Six Private Limited	1	-
Azure Power Fifty Seven Private Limited	1	-
Azure Power Fifty Eight Private Limited	1	-
Azure Power Forty Three Private Limited	-	30,279
Azure Power Forty Private Limited	-	11,105
Azure Power Forty Six Private Limited	-	5,652
Azure Power Forty One Private Limited	-	3,308
Azure Power Forty Five Private Limited	-	1
Azure Power Forty Seven Private Limited	-	1
Azure Power Forty Eight Private Limited	-	1
Azure Power Forty Nine Private Limited	-	1
Azure Power Fifty Private Limited	-	1
Azure Power Fifty Four Private Limited	-	1

s) Share capital issued (including securities premium)

	March 31, 2021	March 31, 2020
Azure Power Global Limited	-	54,136

t) Issuance of 10.25% Compulsorily Convertible Debentures (CCD)

	March 31, 2021	March 31, 2020
Azure Power Forty Three Private Limited	-	5,000

u) Transfer of employee related liabilities from

	March 31, 2021	March 31, 2020
Azure Solar Solutions Private Limited	-	13
Azure Solar Private Limited	-	5
Azure Power Thirty Three Private Limited	-	2

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(INR amount in lakhs, unless otherwise stated)

v) Transfer of employee related liabilities to	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	-	7
Azure Power (Haryana) Private Limited	-	2
Azure Power (Rajasthan) Private Limited	-	1
Azure Solar Solutions Private Limited	-	1
Azure Urja Private Limited	-	2
Azure Surya Private Limited	-	1
Azure Photovoltaic Private Limited	-	1
Azure Power Infrastructure Private Limited	-	1
Azure Renewable Energy Private Limited	-	2
Azure Clean Energy Private Limited	-	1
Azure Sunrise Private Limited	-	1
Azure Power Earth Private Limited	-	3
Azure Power Eris Private Limited	-	1
Azure Power Makemake Private Limited	-	1
Azure Power Pluto Private Limited	-	4
Azure Power Uranus Private Limited	-	1
Azure Power Venus Private Limited	-	1
Azure Power Thirty Four Private Limited	-	3
Azure Power Thirty Seven Private Limited	-	2
Azure Power Forty Private Limited	-	8
Azure Power Forty One Private Limited	-	18
Azure Power Forty Three Private Limited	-	109
Azure Power Forty Four Private Limited	-	1
Azure Power Rooftop Private Limited	-	13
Azure Power Rooftop (Genco) Private Limited	-	1

w) Corporate guarantees given	March 31, 2021	March 31, 2020
Azure Power Forty Three Private Limited	14,400	180,900
Azure Power Maple Private Limited	99,900	-
Azure Power Forty Private Limited	-	36,099
Azure Power Thirty Eight Private Limited	-	5,516
Azure Power Rooftop Three Private Limited	-	2,517
Azure Power Rooftop Five Private Limited	-	1,445
Azure Power Rooftop (Genco) Private Limited	-	3,293
Azure Power Rooftop One Private Limited	-	1,421
Azure Sunlight Private Limited	-	47

x) Corporate guarantees released	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	400	-
Azure Power (Haryana) Private Limited	950	-
Azure Power Jupiter Private Limited	892	1,776
Azure Urja Private Limited	1,200	-
Azure Surya Private Limited	1,100	-
Azure Power (Karnataka) Private Limited	650	-
Azure Photovoltaic Private Limited	1,600	-
Azure Power (Raj.) Private Limited	2,000	-
Azure Renewable Energy Private Limited	350	-
Azure Sunrise Private Limited	1,150	-
Azure Power Eris Private Limited	250	-
Azure Power Pluto Private Limited	200	-
Azure Power Thirty Seven Private Limited	3,000	-
Azure Power Thirty Eight Private Limited	1,018	-
Azure Power Rooftop Private Limited	-	25,000
Azure Power Thirty Six Private Limited	-	22,872
Azure Power Venus Private Limited	-	16,141
Azure Power Makemake Private Limited	-	16,000
Azure Power Saturn Private Limited	-	5,580
Azure Power Infrastructure Private Limited	-	2,600
Azure Clean Energy Private Limited	-	1,500
Azure Sunshine Private Limited	-	1,000
Azure Green Tech Private Limited	-	900
Azure Power Mars Private Limited	-	650

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(INR amount in lakhs, unless otherwise stated)

2. Balances outstanding at the end of the year

a) Receivable# (note 1)	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	7	30
Azure Power (Haryana) Private Limited	6	198
Azure Solar Private Limited	193	159
Azure Power (Rajasthan) Private Limited	98	63
Azure Solar Solutions Private Limited	14	109
Azure Sun Energy Private Limited	29	25
Azure Urja Private Limited	89	292
Azure Surya Private Limited	15	225
Azure Power (Karnataka) Private Limited	13	89
Azure Photovoltaic Private Limited	6	280
Azure Power Infrastructure Private Limited	10	289
Azure Power (Raj.) Private Limited	10	368
Azure Green Tech Private Limited	9	167
Azure Renewable Energy Private Limited	43	88
Azure Clean Energy Private Limited	75	89
Azure Sunrise Private Limited	9	354
Azure Sunlight Private Limited	43	77
Azure Sunshine Private Limited	7	94
Azure Power Earth Private Limited	8,957	8,982
Azure Power Eris Private Limited	23	146
Azure Power Jupiter Private Limited	3,608	3,577
Azure Power Makemake Private Limited	374	362
Azure Power Mars Private Limited	221	226
Azure Power Mercury Private Limited	321	1,131
Azure Power Pluto Private Limited	71	67
Azure Power Uranus Private Limited	245	230
Azure Power Venus Private Limited	423	403
Azure Power Saturn Private Limited	74	197
Azure Power Thirty Three Private Limited	22,935	22,339
Azure Power Thirty Four Private Limited	290	177
Azure Power Thirty Five Private Limited	-	1
Azure Power Thirty Six Private Limited	1,054	1,079
Azure Power Thirty Seven Private Limited	75	2,292
Azure Power Thirty Eight Private Limited	46	821
Azure Power Thirty Nine Private Limited	-	6
Azure Power Forty Private Limited	307	213
Azure Power Forty One Private Limited	-	217
Azure Power Forty Two Private Limited	-	1
Azure Power Forty Three Private Limited	2,899	2,335
Azure Power Forty Four Private Limited	6,130	6,813
Azure Power Forty Six Private Limited	247	-
Azure Power Rooftop Private Limited	3,628	3,716
Azure Power Rooftop One Private Limited	34	35
Azure Power Rooftop Two Private Limited	2	2
Azure Power Rooftop Three Private Limited	31	31
Azure Power Rooftop Four Private Limited	5	5
Azure Power Rooftop Five Private Limited	5	5
Azure Power Rooftop Eight Private Limited	7	6
Azure Power Maple Private Limited	1,189	347
Azure Power Fifty One Private Limited	3	-
Azure Power Fifty Two Private Limited	27	-
Azure Power US Inc.	5	2

Includes contract assets.
Note 1: Net of provision on trade receivables

b) Payable	March 31, 2021	March 31, 2020
Azure Power (Haryana) Private Limited	2	-
Azure Urja Private Limited	27	-
Azure Surya Private Limited	194	191
Azure Power (Karnataka) Private Limited	329	329
Azure Power (Raj.) Private Limited	2	-
Azure Clean Energy Private Limited	64	59
Azure Sunshine Private Limited	-	11
Azure Power Eris Private Limited	14	14
Azure Power Mars Private Limited	218	17
Azure Power Pluto Private Limited	74	33
Azure Power Venus Private Limited	286	212
Azure Power Thirty Four Private Limited	-	1,790
Azure Power Thirty Six Private Limited	120	127
Azure Power Thirty Seven Private Limited	45	-
Azure Power Forty One Private Limited	20,719	20,523
Azure Power Uranus Private Limited	-	29
Azure Power Forty Private Limited	11	6
Azure Power Forty Three Private Limited	-	954
Azure Power Forty Four Private Limited	4	4
Azure Power Forty Six Private Limited	3,141	5,546
Azure Power Rooftop (GenCo.) Private Limited	267	265
Aster Power Inc	-	27
Azure Power Global Limited	669	707
Azure Power Uranus Private Limited	29	-
Mr. Inderpreet Singh Wadhwa (Former Director) (refer note 34)	334	334

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(INR amount in lakhs, unless otherwise stated)

c) Interest accrued on loans and advances*	March 31, 2021	March 31, 2020
Azure Power Forty Three Private Limited	2,503	106
Azure Power Forty One Private Limited	814	5
Azure Power Thirty Four Private Limited	663	323
Azure Power Jupiter Private Limited	264	-
Azure Power Maple Private Limited	359	0
Azure Power Forty Six Private Limited	215	-
Azure Solar Solutions Private Limited	206	-
Azure Power Thirty Three Private Limited	2,112	83
Azure Power (Rajasthan) Private Limited	112	-
Azure Power Thirty Eight Private Limited	93	1
Azure Power Saturn Private Limited	90	77
Azure Power Earth Private Limited	898	58
Azure Power Rooftop Private Limited	15	15
Azure Solar Private Limited	13	-
Azure Power Mercury Private Limited	81	2
Azure Power Thirty Nine Private Limited	3	-
Azure Power Infrastructure Private Limited	1	1
Azure Power Uranus Private Limited	-	29
Azure Power Thirty Six Private Limited	93	-
Azure Power Forty Four Private Limited	629	5

*Includes interest accrued on trade receivables from related parties.

d) Interest due on borrowings	March 31, 2021	March 31, 2020
Azure Sunrise Private Limited	235	5,213
Azure Power (Haryana) Private Limited	74	3
Azure Power Pluto Private Limited	60	1
Azure Clean Energy Private Limited	30	4
Azure Urja Private Limited	27	3
Azure Power Thirty Four Private Limited	21	-
Azure Power Thirty Seven Private Limited	17	8
Azure Power Makemake Private Limited	14	-
Azure Sunshine Private Limited	10	2
Azure Power Forty Four Private Limited	9	-
Azure Power Mars Private Limited	8	1
Azure Power (Karnataka) Private Limited	7	9
Azure Surya Private Limited	7	3
Azure Power (Punjab) Private Limited	7	1
Azure Renewable Energy Private Limited	6	1
Azure Power Thirty Six Private Limited	4	-
Azure Power Infrastructure Private Limited	-	7
Azure Power (Raj.) Private Limited	-	5
Azure Photovoltaic Private Limited	-	4
Azure Green Tech Private Limited	-	2
Azure Power Eris Private Limited	-	1

e) Loan to subsidiary/fellow subsidiary	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	-	1
Azure Power (Rajasthan) Private Limited	1,150	1,150
Azure Solar Solutions Private Limited	2,210	2,210
Azure Power Earth Private Limited	136	136
Azure Power Jupiter Private Limited	2,766	2,765
Azure Power Mercury Private Limited	40	40
Azure Power Saturn Private Limited	13	13
Azure Power Thirty Three Private Limited	344	344
Azure Power Thirty Four Private Limited	3,470	3,470
Azure Power Thirty Eight Private Limited	1,215	676
Azure Power Thirty Nine Private Limited	34	34
Azure Power Forty One Private Limited	29,560	1,572
Azure Power Forty Three Private Limited	28,609	-
Azure Power Forty Four Private Limited	-	50
Azure Power Forty Six Private Limited	-	2,397
Azure Power Maple Private Limited	16,326	2,093
Azure Solar Private Limited	300	-

f) Loan from subsidiary	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	806	623
Azure Power (Haryana) Private Limited	8,900	4,120
Azure Urja Private Limited	3,266	3,404
Azure Surya Private Limited	878	1,049
Azure Power (Karnataka) Private Limited	868	910
Azure Photovoltaic Private Limited	-	927
Azure Power Infrastructure Private Limited	-	2,512
Azure Power (Raj.) Private Limited	-	264
Azure Green Tech Private Limited	-	3,475
Azure Renewable Energy Private Limited	46	46
Azure Clean Energy Private Limited	3,571	3,540
Azure Sunrise Private Limited	28,182	25,236
Azure Sunshine Private Limited	1,168	1,200
Azure Power Eris Private Limited	-	240
Azure Power Mars Private Limited	944	1,122
Azure Power Pluto Private Limited	7,153	5,039
Azure Power Thirty Seven Private Limited	2,013	2,514
Azure Power Makemake Private Limited	1,670	-
Azure Power Thirty Four Private Limited	2,550	-
Azure Power Thirty Six Private Limited	500	-
Azure Power Forty Four Private Limited	114	-

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(INR amount in lakhs, unless otherwise stated)

h) Outstanding Corporate guarantees	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	-	400
Azure Power (Haryana) Private Limited	-	950
Azure Sun Energy Private Limited	1,437	1,437
Azure Urja Private Limited	-	1,200
Azure Surya Private Limited	-	1,100
Azure Power (Karnataka) Private Limited	-	650
Azure Photovoltaic Private Limited	-	1,600
Azure Power (Raj.) Private Limited	-	2,000
Azure Renewable Energy Private Limited	-	350
Azure Sunrise Private Limited	-	1,150
Azure Sunlight Private Limited	571	571
Azure Power Eris Private Limited	-	250
Azure Power Jupiter Private Limited	20,332	21,224
Azure Power Pluto Private Limited	-	200
Azure Power Thirty Seven Private Limited	-	3,000
Azure Power Thirty Eight Private Limited	4,498	5,516
Azure Power Forty Private Limited	36,099	36,099
Azure Power Forty Three Private Limited	195,300	180,900
Azure Power Rooftop (Genco) Private Limited	6,571	6,571
Azure Power Rooftop One Private Limited	10,666	10,666
Azure Power Rooftop Three Private Limited	2,517	2,517
Azure Power Rooftop Five Private Limited	1,445	1,445
Azure Power Maple Private Limited	99,900	-

* Credit note issued during the year.

Notes:

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 10% - 12.50% p.a. and are repayable/receivable in accordance with the terms of the respective agreement.

- The Company has given corporate guarantee to the banks and financial institutions in respect of loan taken by the subsidiaries/fellow subsidiaries.

- Azure Power Global Limited (ultimate holding Company) and our Company, are respondents in arbitration proceedings initiated by the former Chairman, CEO and Managing Director of the Company, Mr. Inderpreet Singh Wadhwa ("IW") and former COO Mr. H.S Wadhwa ("HSW"), in relation to the purchase price of the shares of IW's and HSW's in the Company. The arbitration is being conducted under the Singapore International Arbitration Centre (SIAC) Rules, with the seat of arbitration in Singapore. Management strongly believes in the merits of the case; however, an unfavorable outcome in these proceedings could potentially have a material adverse effect on the results of operations, cash flows and financial condition. As management believes it will be successful in the arbitration, the Company has not accrued any amount with respect to this arbitration in its consolidated financial statements.

- Refer note 5.3, 8.4, 12.1 and 14.1 for loan taken from and provided to the subsidiaries/fellow subsidiaries.

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Azure Power India Private Limited
Notes to standalone financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

27. Segment information

All operating segments' operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The Company's chief executive officer is the chief operating decision maker.

The Company's principal operations, revenue and decision making functions are located in India and there are no revenue and non-current assets outside India.

Based on the financial information presented to and reviewed by the chief operating decision maker in deciding how to allocate the resources and in assessing the performance of the Company, the Company has determined three reportable segments:

EPC – Engineering, procurement, construction of solar power plant
Operation and maintenance services
Sale of Power

Particular	EPC		Operation and maintenance services		Sale of Power		Total	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Revenue								
Revenue	**923**	83,018	-	3,800	**26,739**	20,449	**27,662**	107,267
Intersegment sales	-	-	-	-	-	-	-	-
Total revenue	**923**	83,018	-	3,800	**26,739**	20,449	**27,662**	107,267
Cost of goods sold	**758**	74,057	-	-	-	-	**758**	74,057
Personnel expenses	-	9,707	-	578	**104**	80	**104**	10,365
Operating expenses	**(13)**	6,458	-	2,090	**2,439**	2,341	**2,426**	10,889
Depreciation and amortization expense	-	1,975	-	149	**9,572**	8,645	**9,572**	10,769
Total expenses	**745**	92,197	-	2,817	**12,115**	11,066	**12,860**	106,080
Segment (loss)/ profit	**178**	(9,179)	-	983	**14,624**	9,383	**14,802**	1,187
Finance costs	-	(14,054)	-	(109)	**(16,065)**	(12,904)	**(16,065)**	(27,067)
Finance income	**346**	2,826	-	50	**770**	280	**1,116**	3,156
Other income	**563**	473	-	39	**476**	2	**1,039**	514
Unallocated corporate income and expenses	-							
Finance income		-	-	-	-	-	**10,763**	5,411
Other income (including management fees)	-	-	-	-	-	-	**10,711**	7,266
Other expenses (including personnel expenses)	-	-	-	-	-	-	**(40,191)**	-
Finance costs	-	-	-	-	-	-	**(12,848)**	-
Depreciation and amortization expense	-	-	-	-	-	-	**(1,226)**	-
Tax benefit/ (expense)	-	-	-	-	-	-	**7,969**	7,860
Profit after tax	**1,087**	**(19,934)**	-	**963**	**(195)**	**(3,239)**	**(23,930)**	(1,673)
Assets								
Segment assets	**45,560**	61,181	**14**	5,067	**172,308**	176,025	**217,882**	242,273
Unallocated corporate assets	-	-	-	-	-	-	**471,495**	404,646
Total	**45,560**	61,181	**14**	5,067	**172,308**	176,025	**689,377**	646,919
Liabilities								
Segment liabilities	**29,289**	131,404	-	-	**128,583**	133,767	**157,872**	265,171
Unallocated corporate liabilities	-	-	-	-	-	-	**184,615**	10,713
Total	**29,289**	131,404	-	-	**128,583**	133,767	**342,487**	275,884
Capital expenditure towards acquisition of capital goods	-	-	-	-	**1,862**	132,172	**1,862**	132,172
Unallocated corporate capital expenditure towards acquisition of capital goods	-	-	-	-	-	-	**315**	479
Depreciation and amortization expense	-	1,975	-	149	**9,572**	8,645	**9,572**	10,769

(INR amount in lakhs, unless otherwise stated)

Information about revenue from major customers which is included in revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
EPC:		
Azure Power Thirty Four Private Limited	285	55,968
Azure Power Earth Private Limited	-	9,346
Azure Power Thirty Six Private Limited	-	2,500
Azure Power Thirty Three Private Limited	602	9,343
Azure Power Jupiter Private Limited	-	2,660
Others	36	3,201
Operation and maintenance fees:		
Azure Power Pluto Private Limited	-	469
Azure Solar Private Limited	-	358
Azure Urja Private Limited	-	334
Azure Power Thirty Seven Private Limited	-	411
Others	-	2,228
Management fees		
Azure Power Maple Private Limited	3,870	-
Azure Power Forty Three Private Limited	2,615	3,749
Azure Power Forty One Private Limited	1,856	1,679
Azure Power Pluto Private Limited	212	71
Azure Power Forty Private Limited	144	840
Azure Power Thirty Seven Private Limited	142	47
Azure Power Thirty Three Private Limited	122	122
Others	746	365
Sale of power:		
NTPC Vidyut Vyapar Nigam Limited	9,390	8,541
Solar Energy Corporation of India Limited	12,939	6,948
Bangalore Electricity Supply Company Limited	1,143	1,162
The Superintending Engineer O&	2,847	2,902
Power Sale Provisional Custome	-	875
Others	420	21
	37,369	**114,140**

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28. Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

As per provision of Section 135 of the Companies Act, 2013 read with Companies Amendment Act, 2019, the Company has to spent at least 2% of the average profits of the preceding three financial years towards CSR. Accordingly, a CSR committee has been formed for carrying out the CSR activities as per Schedule VII of the Companies Act, 2013.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year	180	372
(b) Amount approved by the Board to be spent during the year	180	372
(c) Amount spent during the year on the following in cash		
I. Construction / acquisition of any asset	180	372

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

The Micro and Small Enterprises have been identified by management from the available information, which has been relied upon by the auditors. On the basis of the information and records available with the management, following are outstanding dues to the Micro and Small Enterprises:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	619	946
Principal amount due to micro and small enterprises*	465	883
Interest due on above	154	63
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	154	63
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 payable of INR 28 lakhs (March 31, 2020 : INR 873 lakh) relating to purchase of capital assets.

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(INR amount in lakhs, unless otherwise stated)

30. Capitalization of expenditure (net)

The Company had capitalized the following expenses of revenue nature to the cost of property, plant and equipment and construction in progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

	March 31, 2021	March 31, 2020
Finance costs	-	1,075
Legal and professional expenses	-	49
Employee benefits expenses	-	379
Depreciation on right of use assets (refer note 33)	-	99
Project development expenses	-	250
Security charges	-	96
Bank charges	-	55
Other expenses	-	158
Interest income on fixed deposits	-	(4)
Total	**-**	**2,157**

31. Financial guarantees

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its group Companies. In accordance with the policy of the Company (refer note 2.2 (l)). The Company has designated such guarantees as "Insurance Contracts". The Company has classified financial guarantees as Contingent Liabilities. Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts.

Refer below for details:-

Company Name	As at March 31, 2021	As at March 31, 2020
Azure Power (Punjab) Private Limited	-	400
Azure Power (Haryana) Private Limited	-	950
Azure Sun Energy Private Limited	1,437	1,437
Azure Urja Private Limited	-	1,200
Azure Surya Private Limited	-	1,100
Azure Power (Karnataka) Private Limited	-	650
Azure Photovoltaic Private Limited	-	1,600
Azure Power (Raj.) private Limited	-	2,000
Azure Renewable Energy Private Limited	-	350
Azure Sunrise Private Limited	-	1,150
Azure Sunlight Private Limited	571	571
Azure Power Eris Private Limited	-	250
Azure Power Jupiter Private Limited	20,332	21,224
Azure Power Pluto Private Limited	-	200
Azure Power Thirty Seven Private Limited	-	3,000
Azure Power Thirty Eight Private Limited	4,498	5,516
Azure Power Forty Private Limited	36,099	36,099
Azure Power Rooftop (Genco) Private Limited	6,571	6,571
Azure Power Rooftop One Private Limited	10,666	10,666
Azure Power Rooftop Three Private Limited	2,517	2,517
Azure Power Rooftop Five Private Limited	1,445	1,445
Azure Power Forty Three Private Limited	195,300	180,900
Azure Power Maple Private Limited	99,900	-
	379,336	**279,796**

32. Leases

During the previous year effective April 01, 2019, the Company adopted Ind AS 116 "Leases" to all lease contracts existing on April 01, 2019 using the modified retrospective method. The adoption of new accounting standard resulted in recognition of ROU of INR 7,484 lakhs and lease liability of INR 7,206 lakhs on April 01, 2019 and reclassification of prepayments of INR 278 lakhs.

Company as lessee:
The Company leases land for construction of solar power plants and building space to be used as corporate office. These leases typically run for 9 to 27 years which is further extendable on mutual agreement by both lessor and lessee.
Information about the leases for which the Company is a lessee is presented below:
i) Right-of-use assets

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	6,634	7,484
Additions during the year	1,510	-
Lease modification during the year	(4,330)	-
Depreciation for the year#	(489)	(850)
Closing balance	**3,325**	**6,634**

Including on capitalization of INR Nil during the year (March 31, 2020: INR 99 Lakhs)

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, 2021	For the year ended March 31, 2020
Opening balance	6,897	7,206
Additions during the year	1,632	-
Lease modification during the year	(4,804)	-
Accretion of interest##	457	689
Payments	(680)	(998)
Closing balance	**3,502**	**6,897**

Including on capitalization of INR Nil during the year (March 31, 2020: INR 11 Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current	373	204
Non-current	3,129	6,693
Total	**3,502**	**6,897**

Below are the amounts recognised by the Company in the statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	457	678
Depreciation on right of use of assets	489	751
Expenses relating to short-term leases	14	43
Gain on lease modification	475	-
Total	**1,435**	**1,472**

Below are the amount recognised by the Company in the statement of cash flows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	680	998

Extension options:
Lease contain extension options exercisable by the Company before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only on mutual agreement. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company 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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33. Commitments and contingencies

a) Commitments

(i) The Company has commitments of INR 82 lakhs (net of advances) (March 31, 2020: INR 46 lakhs) for purchases of assets for the construction of solar power plants.

(ii) The Company has entered into below Power Purchase Agreement (PPA) to supply power :

Name of Authority	Capacity (in MWs)	PPA Date	Tariff (INR/Kwh)	Duration of PPA in Years
Chhattisgarh State Power Distribution Company Limited	10	1-Aug-14	6.44	25
Chhattisgarh State Power Distribution Company Limited	10	1-Sep-14	6.45	25
Chhattisgarh State Power Distribution Company Limited	10	15-Sep-14	6.46	25
Bangalore Electricity Supply Company Limited	10	27-Sep-14	6.66	25
Solar Energy Corporation of India Limited	3	14-Oct-15	5.43	25
NTPC Vidyut Vyapar Nigam Limited	100	19-Apr-16	5.12	25
Solar Energy Corporation of India Limited	200	27-Apr-18	2.48	25

b) Contingent liabilities:

	March 31, 2021	March 31, 2020
(i) Guarantees, letter of credit and counter guarantees given by the Company	424,506	304,798

(ii) During the previous year, the Company had received a demand of INR 1,200 lakhs related to services tax assessment through July 31, 2017. The Company is contesting the demand and is confident that there should not be a tax outflow related to this claim.

(iii) Azure Power Global Limited (ultimate holding Company) and the Company, are respondents in arbitration proceedings initiated by the former Chairman, CEO and Managing Director of the Company, Mr. Inderpreet Singh Wadhwa ("IW") and former COO Mr. H.S Wadhwa ("HSW"), in relation to the purchase price of the shares of IW's and HSW's in the Company. The arbitration is being conducted under the Singapore International Arbitration Centre (SIAC) Rules, with the seat of arbitration in Singapore. Management strongly believes in the merits of the case; however, an unfavorable outcome in these proceedings could potentially have a material adverse effect on the results of operations, cash flows and financial condition. As management believes it will be successful in the arbitration, the Company has not accrued any amount with respect to this arbitration in its financial statements.

(iv) In addition, Azure Power Global Limited (ultimate holding company) and the Company, are respondents to arbitration proceedings initiated by IW in relation to his transition agreement. Azure Power Global Limited (ultimate holding Company) and IW have filed claims and counter claims in relation to the matter in the arbitration. The Company continue to strongly believe in the merits of the case and is confident that the outcome will be favorable for the Company. The claim amount is not significant to the financial position of the Company. As management believes it will be successful in the arbitration, the Company has not accrued any amount with respect to this arbitration in its financial statements. The claim could have an adverse impact on our results however, the amount is not material to our financial position.

34. Derivative instruments and hedging activities:

Contract designated as cash flow hedge:

During financial year 2018-19 and 2019-20, the Company entered into buyer's credit facility amounting to US$ 228.01 Lakhs and US$ 345.80 Lakhs, respectively, at six months LIBOR plus 0.5% spread, for its 200 MW solar power project. The Company has taken USD/INR currency swap for its principal and interest payment. As per this swap arrangement, the Company pays fixed INR and receive USD and pays fixed interest ranging between 8.11% to 8.12%, for respective buyers' credit and receives a variable interest at six months LIBOR plus 0.5% on the US$ notional amount. The facility is repayable starting from September 2021 till April 2022. During the year, the Company has tested the effectiveness of the hedge relationship and the hedge was effective.

During financial year 2020-21, the Company took a long term borrowing amounting to US$ 930 Lakhs, at LIBOR plus margin of 3.95% and the loan is repayable in 8 half yearly instalments commencing November 2021.The funds were provided to project SPVs as shareholder loans or through other instrument for capital expenditure or for payment of capital expenditure in respect of various specified projects. The Company has taken US$ 930 Lakh currency swap for its principal and interest payment. As per this swap arrangement, the Company pays fixed INR and receive USD and pays fixed interest ranging between 9.10 to 10.20%, for these long term borrowing and receives a variable interest at six months LIBOR plus 3.95% on the US$ notional amount. During the year, the Company has tested the effectiveness of the hedge relationship and the hedge was effective.

Th risk management objective of the hedge arrangement is to reduce the variability in payment of foreign currency equivalent cash flows arising from repayment of principal and interest components.

The following table presents outstanding notional amount and balance sheet location information related foreign exchange derivative contracts as of March 31, 2021 and March 31, 2020.

	March 31, 2021	March 31, 2020
Notional Amount (USD denominated)	1,504	574
Non-current – Other financial liabilities (INR)	2,374	-
Non-current – Other financial assets (INR)	208	1,147
Current – Other financial assets (INR)	378	-

Particulars of un-hedged foreign currency exposure as at March 31, 2021 and March 31, 2020

	March 31, 2021		March 31, 2020	
	USD	INR	USD	INR
Trade payables	3.50	257	0.46	35

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35. Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers"

(a) Disaggregation of revenue into operating segments and geographical areas:

Segment	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Revenue as per Ind AS 115 (Domestic)	Other revenue	Segment Profit/ Loss	Revenue as per Ind AS 115 (Domestic)	Other revenue	Segment Profit/ Loss
EPC – Engineering, procurement, construction of solar power plant	923	909	1,087	83,018	3,299	(19,934)
Operation and maintenance services	-	-	-	3,800	89	963
Sale of power	26,739	1,246	(195)	20,449	282	(3,239)
Others	9,707	11,767	67,769	6,873	5,804	4,816
Total	**37,369**	**13,922**	**68,661**	**114,140**	**9,474**	**(17,394)**

(b) Out of the total revenue recognised under Ind AS 115 during the year, INR 923 lakhs (March 31, 2020: 83,018 lakhs) is recognised over a period of time.

(c) Movement in expected credit loss on trade receivables during the year (refer note 2.2(k)):

	As at March 31, 2021	As at March 31, 2020
Opening balance	491	257
Changes in allowance for expected credit loss:		
Provision towards credit impaired receivables during the year	1,768	580
Amounts written back during the year	(441)	(346)
Closing balance	**1,818**	**491**

d) Contract balances

The following table provides information about trade receivables and contract assets as at March 31, 2021 and March 31, 2020.

	March 31, 2021	March 31, 2020
Non current assets		
Trade receivables	38,354	38,888
Contract assets	289	303
Current assets		
Trade receivables	12,537	15,586
Contract assets	14	14

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36. Employee benefits

(a) Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employee Provident Fund is deposited with the Regional Provident Fund Commissioner.

The Company has recognised INR 185 Lakhs (March 31, 2020: INR 302 Lakhs) for provident fund contribution in the statement of profit and loss. The contribution payable to the plan by the Company is at the rate specified in the rules to the scheme.

(b) Defined benefit plan
Gratuity and other post-employment benefits

The Company 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 company.
The following tables summaries the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet.

Statement of profit and loss

Net employee benefit expense (recognized in employee cost) for the year ended March 31, 2021

	Gratuity	
	March 31, 2021	**March 31, 2020**
Current service cost	45	70
Interest cost on benefit liability	11	24
Net expense recognized in statement of profit and loss	**56**	**94**

Amount recognised in other comprehensive income for the year ended March 31, 2021:

	Gratuity	
	March 31, 2021	**March 31, 2020**
Effect of change in financial assumptions	39	10
Effect of change in demographic assumptions	17	(3)
Experience (gains)/ losses	(21)	72
Actuarial(gain)/ loss recognized in the year	**35**	**79**

Balance Sheet:

	Gratuity	
	March 31, 2021	**March 31, 2020**
Present value of defined benefit obligation	230	144
Plan (assets)/ liability	230	144

Changes in the present value of the defined benefit obligation for the year ended March 31, 2021 are as follows:

	Gratuity	
	March 31, 2021	**March 31, 2020**
Present value of obligation as at the beginning	144	302
Current service cost	45	70
Interest cost	11	24
Re-measurement (or actuarial) (gain) / loss	35	79
Benefits paid	-	(157)
Acquisitions/Business combinations/Divestitures	(5)	(174)
Present value of obligation as at the end	**230**	**144**
Current portion	9	16
Non-current portion	221	128

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

	March 31, 2021	**March 31, 2020**
Discount rate	7.03%	6.65%
Employee turnover rate	9.00%	12.00%
Withdrawal rate (per annum)	9.00%	12.00%
Salary escalation rate	10.00%	7.00%
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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Amount for the current and previous four years are as follows:-

	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined benefit obligation	230	144	302	238	114
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(230)	(144)	(302)	(238)	(114)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

	Discount rate			
	March 31, 2021		March 31, 2020	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	(21)	24	(11)	11

	Salary Escalation Rate			
	March 31, 2021		March 31, 2020	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	24	(21)	11	(10)

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.

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

	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	9	17
Between 2 and 5 years	60	61
Between 5 and 10 years	107	83

Expected contributions to post-employment benefit plans for the year ending 31 March 2022 are INR 94 Lakhs.
The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.64 years (March 31, 2020: 10.02 years).

(INR amount in lakhs, unless otherwise stated)

37. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets carried at amortised cost				
Trade receivables (including interest accrued)	41,980	38,888	41,980	38,888
Loans to subsidiaries/fellow subsidiaries (including interest accrued)	84,520	9,606	84,520	9,606
Security deposits	149	287	149	287
Performance bank guarantee receivable	78	69	78	69
Term deposits (including interest accrued)	28,584	20,327	28,584	20,327
Total	**155,311**	**69,177**	**155,311**	**69,177**
Financial assets measured at fair value				
Derivative instruments at fair value through OCI[1]	208	1,147	208	1,147
Total	**208**	**1,147**	**208**	**1,147**
Financial liabilities carried at amortised cost				
Term loans from banks - In Indian currency[2]	11,905	26,577	11,905	26,577
Foreign currency loan from bank[2]	55,557	42,368	55,557	42,368
Foreign currency loan from financial institutions[2]	53,060	-	53,060	-
Term loans from financial institutions - In Indian currency[2]	70,736	57,475	70,736	57,475
Non-convertible debentures (current)[3]	-	14,814	-	14,814
Non-convertible debentures[3]	18,731	18,680	18,981	18,974
Loan from subsidiaries (including interest accrued)[3]	62,951	21,536	62,951	21,536
Total	**272,940**	**181,450**	**273,190**	**181,744**
Financial liabilities measured at fair value				
Derivative instruments at fair value through OCI[1]	2,374	-	2,374	-
Cash-settled share-based payments at fair value through profit and loss (including current portion)[4]	12,177	2,732	12,177	2,732
Total	**14,551**	**2,732**	**14,551**	**2,732**

The management assessed that the fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, performance guarantee receivables, unbilled revenue, viability gap funding receivable (VGF), security deposits received, current borrowings, receivable/payable from/to subsidiaries/fellow subsidiaries, loan to subsidiaries/fellow subsidiaries, trade payables, other payables, derivative asset/liability and security deposits paid approximates 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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

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

(1) The Company enters into derivative financial instrument (USD-INR full currency swap) with various counterparties, principally financial institutions with investment grade credit ratings. These 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 and interest rate curves etc.

At amortised cost:

(2) Fair value of long-term loan having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Company's own credit risk during the current year (Level 2). Unamortised cost of borrowing has been adjusted with the closing balance of borrowings at the reporting date. Further, these amount also includes current portion of long term debt.

(3) The fair values of the fixed interest-bearing non-current borrowings are determined by Discounted Cash Flow (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, 2021 was assessed to be insignificant. Unamortised cost of borrowing has been adjusted with the closing balance of borrowings at the reporting date. Further, these amount also includes current portion of long term debt.

(4) Fair value of cash-settled share based payment is based on valuation as on reporting date.

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(INR amount in lakhs, unless otherwise stated)

38. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2021:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets carried at amortised cost				
Trade receivables (including interest accrued)	41,980	-	41,980	-
Loans to subsidiaries/fellow subsidiaries (including interest accrued)	84,520	-	84,520	-
Security deposits	149	-	149	-
Performance bank guarantee receivable	78	-	78	-
Term deposits (including interest accrued)	28,584	-	28,584	-
Financial assets measured at fair value				
Derivative instruments at fair value through OCI	208	-	208	-

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

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities carried at amortised cost				
Term loans from banks - In Indian Currency	11,905	-	11,905	-
Foreign currency loan from bank	55,557	-	55,557	-
Foreign currency loan from financial institution	53,060	-	53,060	-
Term Loans from financial institution - In Indian Currency	70,736	-	70,736	-
Non-convertible debentures	18,981	-	18,981	-
Loan from subsidiaries (including interest accrued)	62,951	-	62,951	-
Financial liabilities measured at fair value				
Derivative instruments at fair value through other comprehensive income	2,374	-	2,374	-
Cash-settled share-based payments at fair value through profit and loss (including current portion)	12,177	-	12,177	-

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, 2020:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets carried at amortised cost				
Trade receivables (including interest accrued)	38,888	-	38,888	-
Loans to subsidiaries/fellow subsidiaries (including interest accrued)	9,606	-	9,606	-
Security deposits	287	-	287	-
Performance bank guarantee receivable	69	-	69	-
Term deposits (including interest accrued)	20,327	-	20,327	-
Financial assets measured at fair value				
Derivative instruments at fair value through OCI	1,147	-	1,147	-

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

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities carried at amortised cost				
Term loans from banks - In Indian Currency	26,577	-	26,577	-
Foreign currency loan from bank	42,368	-	42,368	-
Term loans from financial institution - In Indian Currency	57,475	-	57,475	-
Non-convertible debentures (current)	14,814	-	14,814	-
Non-convertible debentures	18,974	-	18,974	-
Loan from subsidiary	21,536	-	21,536	-
Financial liabilities measured at fair value				
Cash-settled share-based payments at fair value through profit and loss (including current portion)	2,732	-	2,732	-

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

The management assessed that the fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, performance guarantee receivables, unbilled revenue, viability gap funding receivable (VGF), security deposits received, current borrowings, receivable/payable from/to subsidiaries/fellow subsidiaries, loan to subsidiaries/fellow subsidiaries, trade payables, other payables, derivative asset/liability and security deposits paid approximates their carrying amounts largely due to the short-term maturities of these instruments.

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(INR amount in lakhs, unless otherwise stated)

39. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, investments, trade and other receivables, cash and cash equivalents and other financial assets.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors 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 three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds and derivative instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

a) 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Financial instruments comprise of non-convertible debentures, loans to/from subsidiaries/fellow subsidiaries which are fixed interest bearing whereas term loans from banks/financial institution are both fixed and floating interest bearing. Remaining financial assets and liabilities are non-interest bearing.

The exposure of the Company's financial instruments as at March 31, 2021 to interest rate risk is as follows:

As at March 31, 2021	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	-	172,332	340,520	512,852
Financial liabilities	191,258	96,515	50,990	338,763

The exposure of the Company's financial instruments as at March 31, 2020 to interest rate risk is as follows:

As at March 31, 2020	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	-	99,755	364,758	464,513
Financial liabilities	126,420	89,715	54,920	271,055

Interest Rate Sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial liabilities, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	March 31, 2021		March 31, 2020	
Effect on profit before tax	+/(-)50	(-)/+	956	(-)/+	632

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment. Though there is exposure on account of interest rate movement as shown above but the Company minimises the foreign currency (US dollar) interest rate exposure through derivatives and INR interest rate exposure through re-financing.

b) 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 Company are exposed to foreign currency risk arising from changes in foreign exchange rates on foreign currency loan, derivative financial instruments and operating payables/receivables. The Company enters into foreign exchange derivative contracts to mitigate fluctuations in foreign exchange rates in respect of these loans.

The following table analysis foreign currency risk from financial instruments relating to US$ as of March 31, 2021 and March 31, 2020:

	As at March 31, 2021	As at March 31, 2020
Borrowings		
Foreign currency loans from banks and financial institutions	108,617	42,368
Trade payables	257	35
Advance to vendors	-	174

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(INR amount in lakhs, unless otherwise stated)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD/Rupee exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary liabilities. The company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate		March 31, 2021		March 31, 2020
Effect on profit before tax	+/(-)5%	(-)/+	5,444	+/(-)5%	2,111

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 Company is 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.

(a) Trade receivables

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

Movement in expected credit loss on trade receivables during the year :

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Opening balance	491	257
Changes in allowance for expected credit loss:		
Additional provision (net) towards credit impaired receivables during the year	1,768	580
Writen back during the year	441	346
Closing balance	**1,818**	**491**

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. 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 Company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of Company to manage liquidity is to ensure , as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to below.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2021				
Lease liabilities	390	1,720	6,307	8,417
Borrowings*	58,540	227,969	96,014	382,523
Current borrowings	15,327	-	-	15,327
Trade payables	3,872	-	-	3,872
Other financial liabilities	27,635	13,531	-	41,166
	105,764	**243,220**	**102,321**	**451,305**
As at March 31, 2020				
Lease liabilities	1,119	4,945	6,773	12,837
Borrowings*	35,217	114,690	108,062	257,969
Current borrowings	34,685	-	-	34,685
Trade payables	5,219	-	-	5,219
Other financial liabilities	40,799	2,005	-	42,804
	117,039	**121,640**	**114,835**	**353,514**

*Including interest on non-current borrowings

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(INR amount in lakhs, unless otherwise stated)

40. Disclosure of interest in subsidiaries, joint arrangements and associates:-

List of interest in subsidiaries: -

Name	Method used to account for investments	Country of Incorporation /Principal place of business	% equity interest March 31, 2021#	% equity interest March 31, 2020
Subsidiaries				
Azure Power (Punjab) Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power (Haryana) Private Limited	Line by line consolidation	India	99.17%	99.17%
Azure Solar Private Limited	Line by line consolidation	India	92.31%	92.31%
Azure Power (Rajasthan) Private Limited	Line by line consolidation	India	100%	99.99%
Azure Solar Solutions Private Limited	Line by line consolidation	India	100%	99.99%
Azure Sun Energy Private Limited	Line by line consolidation	India	100%	99.99%
Azure Urja Private Limited	Line by line consolidation	India	73.80%	73.80%
Azure Surya Private Limited	Line by line consolidation	India	67.33%	67.33%
Azure Power (Karnataka) Private Limited	Line by line consolidation	India	58.87%	58.87%
Azure Photovoltaic Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Infrastructure Private Limited	Line by line consolidation	India	94.59%	94.59%
Azure Power (Raj.) Private Limited	Line by line consolidation	India	100%	99.99%
Azure Green Tech Private Limited	Line by line consolidation	India	100%	99.99%
Azure Renewable Energy Private Limited	Line by line consolidation	India	100%	99.99%
Azure Clean Energy Private Limited	Line by line consolidation	India	100%	99.99%
Azure Sunrise Private Limited	Line by line consolidation	India	100%	99.99%
Azure Sunlight Private Limited	Line by line consolidation	India	100%	99.99%
Azure Sunshine Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Earth Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Eris Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Jupiter Private Limited	Line by line consolidation	India	51.01%	51.01%
Azure Power Makemake Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Mars Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Mercury Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Pluto Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Uranus Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Venus Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Saturn Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Three Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Four Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Five Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Six Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Seven Private Limited	Line by line consolidation	India	99.84%	99.84%
Azure Power Thirty Eight Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Thirty Nine Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty One Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Two Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Three Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Four Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Five Private Limited*	Line by line consolidation	India	100%	99.99%
Azure Power Forty Six Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Forty Seven Private Limited*	Line by line consolidation	India	100%	99.99%
Azure Power Forty Eight Private Limited*	Line by line consolidation	India	100%	99.99%
Azure Power Forty Nine Private Limited*	Line by line consolidation	India	100%	99.99%
Azure Power Fifty Private Limited*	Line by line consolidation	India	100%	99.99%
Azure Power Fifty One Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Fifty Two Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Fifty Three Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Fifty Four Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power Maple Private Limited	Line by line consolidation	India	100%	99.99%
Azure Power US Inc.	Line by line consolidation	United States of America	100%	100.00%
Azure Power Fifty Five Private Limited	Line by line consolidation	India	100%	-
Azure Power Fifty Six Private Limited	Line by line consolidation	India	100%	-
Azure Power Fifty Seven Private Limited	Line by line consolidation	India	100%	-
Azure Power Fifty Eight Private Limited	Line by line consolidation	India	100%	-

Information about associates:-

Name	Country of Incorporation /Principal place of business	% equity interest March 31, 2021	% equity interest March 31, 2020
Waaree Power Private Limited	India	26.00%	26.00%

* During the previous year application had been made to the Registrar of Companies (ROC) for striking off the names of these entites from the register of companies maintained by ROC, approval for the same has been received subsequent to March 31, 2021.

\# include shareholding held by nominee shareholders

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41. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	As at March 31, 2021	As at March 31, 2020
Borrowings	287,773	216,135
Trade payables and other current financial liabilities *	47,488	48,023
Less: Cash and cash equivalents**	(22,634)	(36,224)
Net debts	**312,627**	**227,934**
Equity	346,890	371,035
Total capital	**346,890**	**371,035**
Capital and net debt	659,517	598,969
Gearing ratio (%)	**47.40%**	**38.05%**

* Also refer note 8.1 The Company has trade receivables of INR 12,537 lakhs as at March 31, 2021 (March 31, 2020: INR 15,586 lakhs). Which will be coverted into cash.

** This includes other bank balances, which the Company has invested in term deposits.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.
No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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42. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, 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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

(i) Revenue from Viability Gap Funding (VGF)

The Company records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized as sale of power in proportion to the actual sale of solar energy 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.

(ii) Classification of leases

The Company 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 Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company 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 Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company 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 Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company 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.

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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

(ii) Taxes

Projects of Company 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 Company generates power ("Tax Holiday Period"), however, the exemption is only available to the projects completed on or before March 31, 2017. The Company anticipates that it will claim the aforesaid deduction in the last ten years out of fifteen years beginning with the year in which the Company generates power and when it has taxable income. Accordingly, its current operations are taxable at the normally applicable tax rates. Due to the Tax Holiday Period, a substantial portion of the temporary differences between the book and tax basis of the Company's assets and liabilities do not have any tax consequences as they are expected to reverse within the Tax Holiday Period.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) Estimation of Defined Benefit Obligation

The cost of the defined benefit obligation and the present value of the defined benefit 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 complexity of 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.

In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 36.

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(iv) Provision for decommissioning

The Company 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, 2021 was INR 1,539 lakhs (March 31, 2020: INR 1,504 lakhs). The Company estimates that the costs would be settled upon the expiration of the lease and calculates the provision using the Discounted Cash Flow (DCF) method based on the following assumptions:

- Estimated range of cost per megawatt– INR 3,90,000 to 4,50,000 (March 31, 2020 - INR 3,50,000 to 5,00,000)
- Discount rate – 6.9 % p.a. (March 31, 2020: 6.9 % p.a.)

(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 Discounted Cash Flow (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.

(vi) Depreciation on property, plant and equipment

As per the legal opinion obtained by the Company, it is regulated under the Electricity Act, 2003 accordingly as per the provision to section 129 of Companies Act, 2013, deprecation has to be charged as per the rates notified by the CERC Regulation.

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

(vii) Impairment of non-financial assets

The Company assess, at each reporting date, 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 Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (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 group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and 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.

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43. Disclosure required under Sec 186(4) of the Companies Act, 2013

Loans and advances provided to inter-company are disclosed below as required by Sec 186(4) of Companies Act, 2013:

Name of the loanee	Rate of Interest	Secured/ Unsecured	March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	10.60%	Unsecured	-	1
Azure Power (Rajasthan) Private Limited	10.60%	Unsecured	1,150	1,150
Azure Power Earth Private Limited	10.60%	Unsecured	136	136
Azure Power Jupiter Private Limited	10.00%-10.60%	Unsecured	2,766	2,765
Azure Power Mercury Private Limited	10.60%	Unsecured	40	40
Azure Power Saturn Private Limited	10.00%	Unsecured	13	13
Azure Power Thirty Eight Private Limited	8.25%-11.50%	Unsecured	1,215	676
Azure Power Thirty Nine Private Limited	10.60%	Unsecured	34	34
Azure Power Forty One Private Limited	10.60%	Unsecured	29,560	1,572
Azure Power Forty Three Private Limited	11.50%	Unsecured	28,609	-
Azure Solar Solutions Private Limited	10.00%	Unsecured	2,210	2,210
Azure Power Thirty Three Private Limited	10.00%	Unsecured	344	344
Azure Power Thirty Four Private Limited	10.00%	Unsecured	3,470	3,470
Azure Power Forty Four Private Limited	8.25%	Unsecured	-	50
Azure Power Forty Six Private Limited	10.60%	Unsecured	-	2,397
Azure Power Maple Private Limited	10.00%	Unsecured	16,326	2,093
Azure Solar Private Limited	10.60%	Unsecured	300	-

The loans have been utilized by the subsidiaries/fellow subsidiaries for business purposes.

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44. Events after the reporting period

The Company has considered internal and external information in the preparation of financial statements including the economic outlook and believes that it has taken into account the possible impact of currently known events arising out of the COVID-19 pandemic. In continuation to notification issued by The Ministry of New and Renewable Energy ("MNRE") with a direction to all state DISCOMs to reiterate that all renewable energy facilities in India have been granted "must run" status and this status of "must run" remains unchanged. The power plants have remained operational as electricity generation is designated as an essential service in India. Based on the current collection experience, the Company has not seen a material impact on accounts receivables collections due to COVID-19. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions. Subsequent to the year end the Company has entered into a binding agreement to sell off certain assets. See also note 45.

Subsequent to the year end, the Supreme Court of India while disposing petition filed under public interest litigation (PIL) aimed at the conservation of two species of birds, the Great Indian Bustard and the Lesser Florican, which are protected species in the states of Rajasthan and Gujarat vide its order dated April 19, 2021 instructed the states to install diverters, as well as the conversion of overhead power lines to underground lines, subject to technical evaluation of such conversion by a committee set up by the Supreme Court in this regard. Further, the conversion of overhead cables into underground power lines, wherever considered feasible by such committee, is to take place within a period of one year. The order mentioned the pass through of portion of such expenses incurred by the Company to the ultimate consumer, subject to approval of the Competent Regulatory Authority Management has preliminarily assessed that any costs incurred to comply with the said order are likely to be substantially or wholly recoverable by the company under provisions of change in law and/or force majeure of their respective PPAs. Given the preliminary nature of the order and the ongoing assessment by the aforementioned committee, the Company has not provided any amount for this matter at March 31, 2021

The Company has recently received several anonymous whistleblower reports, which made various claims against Company's certain Key Managerial Personnel. The Company through its Audit Committee, and with the assistance of external counsel and forensic auditors, has undertaken an investigation to determine whether the allegations contained in the whistleblower reports are substantive. The investigation did not substantiate the allegations contained in the whistleblower reports. Nevertheless, the Company has determined that a review of certain of its processes is required to ensure continued compliance with its internal policies and procedures.

45. Impairment

During fiscal year ended March 31, 2021, Azure Power Global Limited (Ultimate holding Company) has identified certain subsidiaries on a going concern basis, which currently form part of our Rooftop business. Out of this identified portfolio, subsequent to March 2021, the Company and Azure Power Rooftop Pvt. Ltd (APRPL), being the Subsidiaries of the Holding Company have entered into a contract with Radiance Renewables Pvt. Ltd. ("Radiance") to sell certain subsidiaries (the "Rooftop Subsidiaries") with an operating capacity of 153 MW, for INR 5,350 million, subject to certain purchase price adjustments (the "Rooftop Sale Agreement"). Pursuant to the Rooftop Sale Agreement, Radiance will acquire 100% of the equity ownership of the Rooftop Subsidiaries owned by the Company and APRPL, respectively.

Further, as per the terms of the Rooftop Sale Agreement in respect of the 43.2 MWs capacity which are operated through certain subsidiaries of Holding Company, referred as entities of the Restricted Group (which had issued Senior Notes/Green Bonds during previous years) 48.6% of the equity ownership will be transferred to Radiance on the closing date, and pursuant to the terms of these Green Bonds, the remaining 51.4% can only be transferred post refinancing of Green Bonds. Also there are restrictions on transfer of equity ownership relating to the 16 MW project with Delhi Jal Board (DJB), wherein 49% of the equity ownership will be transferred to Radiance on closing date, and the remaining 51% will be transferred on or after March 31, 2024.
In the event the sale of the Rooftop Subsidiaries does not occur, the Ultimate Holding Company must reimburse Radiance the equity value of the assets not transferred along with an 10.5% per annum equity return.

The Company has further identified a subsidiary for sale on a going concern basis at expected consideration of INR 4,286 lakhs. Subsequent to year end, Company has entered into a sale agreement with buyer and pursuant there to, 100% of the ownership of this subsidiary was transferred to the buyer on receipt of consideration.

The Company has determined that the decision to sell the Rooftop Subsidiaries and the subsequent execution of the Rooftop Sale Agreement are indicators of impairment and therefore the Company has undertaken an impairment assessment for the Rooftop Subsidiaries.

The Company has used the Sale price of above sale agreements of INR 18,580 lakhs(after adjustment of costs related to the Rooftop Sale Agreement amounting to INR 467 lakhs) as its best estimate of the recoverable value and accordingly carried a provision for diminution in the value of investments of INR 18,338 lakhs against these investments. Further the investment in these subsidiaries, which are expected to be sold within next 12 months have been classified as Current Investments and are carried at its fair value. Further, the Company has carried a provision of INR 1,768 lakhs against trade receivables from entities forming part of above sale transaction.

46. Reclassification

For the purpose of these financial statements, figures of previous year have been regrouped/ reclassified where necessary.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

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For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN : 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07184044
Place: Chevy Chase, MD, USA.
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

MSKA
& Associates
Chartered Accountants

The Palm Springs Plaza
Office No. 1501-B, 15th floor
Sector-54, Golf Course Road
Gurugram 122001, INDIA
Tel: +91 124 281 9000

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AZURE POWER INDIA PRIVATE LIMITED
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Azure Power India Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, its associate as at March 31, 2021, of consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

a. We did not audit the financial statements and financial information of one subsidiary, whose financial statements and other financial information reflect total assets of INR 4,588 lakhs as March 31,2021, total revenue of INR 356 lakhs and net cash flows amounting to INR 75 lakhs for the year ended on that date, as considered in the consolidated financial statements. This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its host country and that the statutory audit is not mandatory in its host country as per the local regulations. The Company's management has converted the financial statements of this subsidiary located outside India from accounting principles generally accepted in its host country to accounting principle generally accepted in India. We have audited these conversions adjustment made by the Company's management.
Our opinion, in so far as it related amounts and disclosure included in respect of this subsidiary and our report in terms of sub section (3) of Section 143 of the Act in so far as it related to this subsidiary is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanation given to us by the management, this financial Statement and other financial information is not material to this group.

b. We did not audit the financial information of an associate, that include Group's share of net profit of INR Nil for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of its associate. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of associate, and our report in terms of sub section (3) of Section 143 of the Act in so far as it related to this associate is based solely on such unaudited financial information. In our opinion and according to the information and explanation given to us by the management, this financial Statement and other financial information is not material to this group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind-AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, an associate company incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 37 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company incorporated in India.

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2. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Group, as it is a private Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACM3476

Place: Gurugram
Date: August 26, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZURE POWER INDIA PRIVATE LIMITED

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such 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 ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACM3476

Place: Gurugram
Date: August 26, 2021

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6831 1600
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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AZURE POWER INDIA PRIVATE LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Azure Power India Private Limited on the consolidated Financial Statements for the year ended March 31,2021]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Azure Power India Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, its associate company, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

MSKA & ASSOCIATES
GURUGRAM

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, its associate company, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No. 216706
UDIN: 21216706AAAACM3476

Place: Gurugram
Date: August 26, 2021

Azure Power India Private Limited
Consolidated Balance Sheet as at March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	906,630	827,242
Capital work-in-progress	3	102,647	31,936
Intangible assets	4	250	543
Right-of-use assets	36	30,814	36,217
Financial assets	5		
- Investments	5.1	-	-
- Loans	5.2	548	503
- Other financial assets	5.3	47,803	60,064
Deferred tax assets	17	32,148	27,311
Income tax assets (net)	6	8,457	5,476
Other non current assets	7	20,651	19,359
Total non-current assets		1,149,948	1,008,751
Current assets			
Financial assets	8		
- Trade receivables	8.1	48,831	46,367
- Cash and cash equivalents	8.2	67,246	69,870
- Other bank balances	8.3	41,348	20,555
- Loans	8.4	9,496	4,101
- Other current financial assets	8.5	10,644	7,588
Other current assets	9	7,282	9,424
Assets classified as held for sale	48	6,943	-
Total current assets		191,790	157,985
Total assets		1,341,738	1,166,656
Equity and liabilities			
Equity			
Equity share capital	10	455	455
Other equity	11	189,571	225,626
Equity attributable to equity holders of the parent		190,026	226,081
Non-controlling interest	11	1,484	1,880
Total equity		191,510	227,961
Non-current liabilities			
Financial liabilities	12		
- Lease liabilities	36	29,742	33,689
- Borrowings	12.1	841,030	771,736
- Other financial liabilities	12.2	13,531	2,005
Provisions	13.1	8,580	7,569
Deferred tax liabilities	17	145	3,167
Other non current liabilities	14	24,608	22,374
Total non-current liabilities		917,636	840,640
Current liabilities			
Financial liabilities	15		
- Lease liabilities	36	2,708	2,560
- Borrowings	15.1	89,432	9,903
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15.2	1,096	114
Total outstanding dues of creditors other than micro enterprises and small enterprises	15.2	9,016	9,302
- Other current financial liabilities	15.3	120,302	72,785
Current tax liabilities (net)		4,016	436
Provisions	13.2	475	356
Other current liabilities	16	2,395	2,599
Liabilities directly associated with assets classified as held for sale	48	3,152	-
Total current liabilities		232,592	98,055
Total liabilities		1,150,228	938,695
Total equity and liabilities		1,341,738	1,166,656

Summary of significant accounting policies 2.2

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

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place: New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place: Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place: New Delhi
Date: 26/08/2021

Company Secretary
Place: New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue			
Revenue from operations	18	150,021	130,242
Interest income	19	4,945	5,399
Other non-operating income	20	2,604	1,456
Total Revenue		157,570	137,097
Expenses			
Construction, sub contracting and other site expenses	21	612	39
Employee benefits expense	22	19,153	9,564
Depreciation and amortization expense	23	57,305	50,906
Impairment loss	48	7,565	-
Finance cost	24	96,582	91,115
Other expenses	25	18,408	24,168
Total expenses		199,625	175,792
Loss before tax		(42,055)	(38,695)
Tax (expense)/ benefit:			
Current tax	17	1,902	1,410
Income tax adjustment pertaining to earlier year	17	(25)	(720)
Deferred tax (credit)	17	(8,055)	(14,551)
Total tax benefit		(6,178)	(13,861)
Loss after tax		(35,877)	(24,834)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Effective portion of cash flow hedge		(1,446)	(762)
Income tax effect on cash flow hedge reserve		462	244
Foreign currency translation reserve		(9)	5
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(35)	(79)
Income tax effect on defined benefit plans		12	28
Total other comprehensive loss		(1,016)	(564)
Total comprehensive loss		(36,893)	(25,398)
Attributable to:			
Equity holders of the parent		(36,497)	(24,684)
Non-controlling interest		(396)	(714)
Earnings/(loss) per equity share: [Nominal value of share : INR 10 (March 31, 2020 : INR 10)]			
(1) Basic earnings per share (INR)	26	(788.26)	(635.06)
(2) Diluted earnings per share (INR)	26	(788.26)	(635.06)
Summary of significant accounting policies	2.2		

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place: New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place: Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place: New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place: New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

(a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid

	Number of shares	Share Capital
At April 01, 2019	3,660,739	366
Addition during the year	890,704	89
At March 31, 2020	4,551,443	455
Addition during the year	-	-
At March 31, 2021	4,551,443	455

(b) Other equity

For the year ended March 31, 2021:

Particulars	Deemed capital contribution by parent / ESOP reserve (Note 11.1)	Reserves and surplus			Items of OCI			Non-controlling interests)	Total equity
		Surplus in the statement of profit and loss (Note 11.2)	Securities premium account (Note 11.3)	Other reserve (Note 11.4)	Defined benefit plans (Note 11.5)	Cash Flow Hedge Reserve (Note 11.6)	Foreign currency translation reserve (FCTR) (Note 11.7)		
At April 01, 2020	2,163	(109,641)	333,736	403	(45)	(1,028)	38	1,880	227,506
Loss for the year	-	(35,481)	-	-	-	-	-	(396)	(35,877)
Other comprehensive income/ (loss)	-	-	-	-	(23)	(984)	(9)	-	(1,016)
Total Comprehensive income	2,163	(145,122)	333,736	403	(68)	(2,012)	29	1,484	190,613
Deemed capital contribution by parent on account of employees Stock option plan (refer note 28)	442	-	-	-	-	-	-	-	442
At March 31, 2021	2,605	(145,122)	333,736	403	(68)	(2,012)	29	1,484	191,055

For the year ended March 31, 2020:

Particulars	Deemed capital contribution by parent / ESOP reserve (Note 11.1)	Reserves and surplus			Items of OCI			Non-controlling interests	Total equity
		Surplus in the statement of profit and loss (Note 11.2)	Securities premium account (Note 11.3)	Other reserve (Note 11.4)	Defined benefit plans (Note 11.5)	Cash Flow Hedge Reserve (Note 11.6)	Foreign currency translation reserve (FCTR) (Note 11.7)		
At April 01, 2018	1,881	(85,521)	279,844	383	6	(510)	33	2,615	198,731
Adjustment on account of Ind AS 115 (net of tax)	-	-	-	-	-	-	-	-	-
At April 01, 2019	1,881	(85,521)	279,844	383	6	(510)	33	2,615	198,731
Loss for the year	-	(24,120)	-	-	-	-	-	(714)	(24,834)
Other comprehensive income/ (loss)	-	-	-	-	(51)	(518)	5	-	(564)
Total Comprehensive income	1,881	(109,641)	279,844	383	(45)	(1,028)	38	1,901	173,333
Securities premium on account of issue of equity shares during the year	-	-	53,892	-	-	-	-	-	53,892
Deemed capital contribution by parent on account of employees Stock option plan (refer note 28)	282	-	-	-	-	-	-	-	282
Acquisition of non-controlling interests	-	-	-	20	-	-	-	(21)	(1)
At March 31, 2020	2,163	(109,641)	333,736	403	(45)	(1,028)	38	1,880	227,506

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the board of directors of
Azure Power India Private Limited

Rupesh Gupta
Director
DIN: 00100872
Place: New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place: Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place: New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place: New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
A Cash flows from operating activities			
Loss before tax		(42,055)	(38,695)
Adjustment to reconcile loss before tax to net cash flows			
Depreciation and amortization expense		57,305	50,906
Impairment loss		7,565	-
Foreign exchange fluctuation (net)		15	3,934
Provision for expected credit losses		2,870	2,388
Bad debts written off		77	-
Provision for doubtful advances		-	703
Share-based payment expense		13,583	1,881
Loss on sale of property, plant and equipment (net)		233	209
Premium on option cost amortized		42	1,088
Viability gap funding income		(1,057)	(1,179)
Government grant income		(81)	(66)
Deferred revenue		298	311
Contract assets		(57)	(525)
Interest income		(4,616)	(5,366)
Miscellaneous income		(65)	-
Liabilities no longer required written back		(1,345)	(2)
Net gain on sale of current investments		-	(921)
Net gain on lease modification		(413)	-
Finance cost		96,582	91,115
Operating profit before working capital changes		**128,881**	**105,781**
Movements in working capital:			
(Increase) / decrease in other current financial assets		(11)	540
(Increase) in trade receivables		(5,575)	(12,938)
Decrease in other current assets		1,558	4,465
Increase /(decrease) in trade payables		1,276	(15,264)
(Increase) in loans		(2,389)	(453)
(Increase) in non current financial assets		-	(66)
(Increase) in other non current assets		(948)	(3,889)
Increase in other current and non current liabilities		2,504	3,200
(Decrease) in other current financial liabilities		(67)	(8,376)
Increase / (decrease) in current provisions		121	(83)
Increase / (decrease) in non current provisions		211	(119)
Cash generated from operations		**125,561**	**72,798**
Income tax paid (net of refunds)		(1,298)	(3,712)
Net cash flow from operating activities	(A)	**124,263**	**69,086**
B Cash flows from investing activities			
Net purchases of property, plant and equipment (including capital work in progress, capital advance and capital creditors)		(191,579)	(151,456)
Purchase of intangible assets		(78)	(425)
Interest received		3,949	4,983
Purchase of current investments		-	(315,251)
Proceeds from sale of current investments		-	316,172
Loans to fellow subsidiary companies (Refer note 27)		(5,247)	(14,931)
Loans repaid by fellow subsidiary companies (Refer note 27)		2,066	14,122
Net investment in bank deposits (having the original maturity of more than three months)		(10,996)	(23,146)
Net proceeds from maturity of bank deposits		-	44,663
Net cash used in investing activities	(B)	**(201,885)**	**(125,269)**
C Cash flows from financing activities			
Net proceeds from issue of equity shares (including securities premium)		-	53,981
Payments for hedging arrangements		635	(1,340)
Proceeds from External commercial borrowings/ Non-Convertible Debentures		-	195,006
Repayment of External commercial borrowings/Non Convertible Debentures		(14,994)	-
Proceeds from non current borrowings		165,747	165,195
Repayments of non current borrowings*		(56,624)	(224,584)
Proceeds from current borrowings		89,355	27,000
Repayment of current borrowings		(9,809)	(36,241)
(Repayments) / Proceeds from loans from fellow subsidiary companies (Refer note 27)		(5)	5
Payment of lease rent		(3,304)	(3,436)
Prepayment charges on repayment of loan		(2,569)	(2,469)
Finance cost paid		(93,329)	(70,548)
Net cash flow from financing activities	(C)	**75,103**	**102,569**
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	**(2,519)**	**46,386**
Unrealized foreign exchange gain/(loss)		9	(5)
Net (decrease)/increase in cash and cash equivalents		**(2,528)**	**46,391**
Cash and cash equivalents at the beginning of the year		69,870	23,479
Cash and cash equivalents at the end of the year		**67,342**	**69,870**
Components of cash and cash equivalents			
Balances with schedule banks:			
- In current accounts (refer note 8.2)		11,266	26,082
- Deposits with original maturity of less than 3 months (refer note 8.2)		55,980	43,788
Cash and cash equivalents classified as held for sale (refer note 48)		96	-
Total cash and cash equivalents		**67,342**	**69,870**

* Includes repayment of loan amounting to INR 92 lakhs (March 31, 2020 : INR 86 lakhs) to International Finance Corporation. See also note 27.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

Change in liabilities arising from financing activities

Particulars	Opening balance as at April 01, 2020	Cash flow (net)	Change in foreign exchange rate	Other changes*	Closing balance as at March 31, 2021
Non current borrowings*	794,762	94,129	(1,988)	707	887,610
Current borrowings	9,903	79,541	-	(12)	89,432
Lease liabilities	36,249	(3,304)	-	(495)	32,450
Total liabilities from financing activities	840,914	170,366	(1,988)	200	1,009,492

Particulars	Opening balance as at April 01, 2019	Recognition on April 01, 2019 due to adoption of Ind AS 116	Cash flow (net)	Change in foreign exchange rate	Other changes*	Closing balance as at March 31, 2020
Non current borrowings*	650,135	-	135,617	6,152	2,858	794,762
Current borrowings	28,398	-	(9,236)	-	(9,259)	9,903
Lease liabilities	-	27,511	(3,436)	-	12,174	36,249
Total liabilities from financing activities	678,533	27,511	122,945	6,152	5,773	840,914

*Including adjustments of ancillary borrowing cost

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 financial statements.

Summary of significant accounting policies 2.2

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place : Chevy Chase, MD, USA
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi

1. Corporate information

Azure Power India Private Limited ("the Group" or "Parent Group") is a private Group domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is subsidiary of Azure Power Global Limited ("APGL" or "Ultimate holding Company"). These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The registered office of the Group is located at 5th Floor, Southern Park, D-II, Saket Place, Saket, New Delhi 110017.

The Group's primary business includes generation of solar energy and developing and managing infrastructure for solar power. The group pledges its plant to obtain long term loans. As per the legal view obtained by the Group, the company and it's subsidiaries are regulated under the Electricity Act, 2003. The projects of Group, which have commenced operations before March 31, 2017, are eligible for section 80-IA benefits under the Income Tax Act, 1961.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs and Central Electricity Regulatory Corporation (CERC guidelines)

The Ind AS consolidated 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
- Liabilities for cash-settled share-based payment arrangements
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Principles of Consolidation

In the preparation of Consolidated financial statements, investments in subsidiaries have been accounted in accordance for in accordance with the accounting principles as defined in the Ind AS 110 "Consolidated financial statements" notified under section 133 of Companies Act 2013, read together with Companies (Indian Accounting Standards) Rules, 2015. The Consolidated Financial statements are prepared on the following basis:

i. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income, and expenses after eliminating all significant intra-group balances and intra-group transaction and also unrealized profits and losses.

ii. The Consolidated Financial statements are prepared using uniform accounting policies for like transactions other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of the subsidiary are adjusted for the accounting principles followed by the Group.

iii. The difference between the cost to the Group of its investments in the subsidiaries and its proportionate share in the equity of the investee Company at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital reserve, as the case may be. Goodwill is tested for impairment by management on annual basis.

iv. Non-controlling interest in the net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding Company.

v. The financial statements of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e., year ended March 31, 2021.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Notes to consolidated financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

Nature of interest in consolidated entities: Subsidiaries

Name	Country of Incorporation /Principal place of business	% equity interest	
		March 31, 2021	March 31, 2020
Azure Power (Punjab) Private Limited	India	100%	99.99%
Azure Power (Haryana) Private Limited	India	99.17%	99.17%
Azure Solar Private Limited	India	100%	99.99%
Azure Power (Rajasthan) Private Limited	India	100%	99.99%
Azure Solar Solutions Private Limited	India	100%	99.99%
Azure Sun Energy Private Limited	India	100%	99.99%
Azure Urja Private Limited	India	100%	99.99%
Azure Surya Private Limited	India	100%	99.99%
Azure Power (Karnataka) Private Limited	India	100%	99.99%
Azure Photovoltaic Private Limited	India	100%	99.99%
Azure Power Infrastructure Private Limited	India	100%	99.99%
Azure Power (Raj.) Private Limited	India	100%	99.99%
Azure Green Tech Private Limited	India	100%	99.99%
Azure Renewable Energy Private Limited	India	100%	99.99%
Azure Clean Energy Private Limited	India	100%	99.99%
Azure Sunrise Private Limited	India	100%	99.99%
Azure Sunlight Private Limited	India	100%	99.99%
Azure Sunshine Private Limited	India	100%	99.99%
Azure Power Earth Private Limited	India	100%	99.99%
Azure Power Eris Private Limited	India	100%	99.99%
Azure Power Jupiter Private Limited	India	51.01%	51.01%
Azure Power Makemake Private Limited	India	100%	99.99%
Azure Power Mars Private Limited	India	100%	99.99%
Azure Power Mercury Private Limited	India	100%	99.99%
Azure Power Pluto Private Limited	India	100%	99.99%
Azure Power Uranus Private Limited	India	100%	99.99%
Azure Power Venus Private Limited	India	100%	99.99%
Azure Power Saturn Private Limited	India	100%	99.99%
Azure Power Thirty Three Private Limited	India	100%	99.99%
Azure Power Thirty Four Private Limited	India	100%	99.99%
Azure Power Thirty Five Private Limited	India	100%	99.99%
Azure Power Thirty Six Private Limited	India	100%	99.99%
Azure Power Thirty Seven Private Limited	India	99.84%	99.84%
Azure Power Thirty Eight Private Limited	India	100%	99.99%
Azure Power Thirty Nine Private Limited	India	100%	99.99%
Azure Power Forty Private Limited	India	100%	99.99%
Azure Power Forty One Private Limited	India	100%	99.99%
Azure Power Forty Two Private Limited	India	100%	99.99%
Azure Power Forty Three Private Limited	India	100%	99.99%
Azure Power Forty Four Private Limited	India	100%	99.99%
Azure Power Forty Five Private Limited*	India	100%	99.99%
Azure Power Forty Six Private Limited	India	100%	99.99%
Azure Power Forty Seven Private Limited*	India	100%	99.99%
Azure Power Forty Eight Private Limited*	India	100%	99.99%
Azure Power Forty Nine Private Limited*	India	100%	99.99%
Azure Power Fifty Private Limited*	India	100%	99.99%
Azure Power Fifty One Private Limited	India	100%	99.99%
Azure Power Fifty Two Private Limited	India	100%	99.99%
Azure Power Fifty Three Private Limited	India	100%	99.99%
Azure Power Fifty Four Private Limited	India	100%	99.99%
Azure Power Green Private Limited*	India	100%	99.99%
Azure Power Maple Private Limited	India	100%	99.99%
Azure Power Fifty Five Private Limited	India	100%	-
Azure Power Fifty Six Private Limited	India	100%	-
Azure Power Fifty Seven Private Limited	India	100%	-

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

Name	Country of Incorporation /Principal place of business	% equity interest	
		March 31, 2021	March 31, 2020
Azure Power Fifty Five Private Limited	India	100%	-
Azure Power Fifty Six Private Limited	India	100%	-
Azure Power Fifty Seven Private Limited	India	100%	-
Azure Power Fifty Eight Private Limited	India	100%	-
Azure Power US Inc.	United States of America	100.00%	100.00%

Equity accounted investees: Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost. During the year ended March 31, 2020, the Parent Company entered into a joint venture agreement to acquire 26% of equity shares of newly formed Company incorporated to establish a manufacturing facility (investee) as further described in Note 5.1 – Non-current investments. Such investments are accounted using equity method.

2.2 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Current versus non-current classification

The 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

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 realization/settlement in cash and cash equivalents. The Group have identified twelve months as their operating cycle for classification of their current assets and liabilities.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

c) Property, plant and equipment

Property, plant and equipment is 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 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and 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 46 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 recognized is derecognized 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 derecognized. 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.

d) Capital work in progress ("CWIP")

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

e) Depreciation

As per the legal view obtained by the Group, it is regulated under the Electricity Act, 2003, as per the provision to section 129 of Companies Act 2013, deprecation has to be charged as per the rates notified by the CERC Regulation*.

Depreciation on plant and machinery is provided using straight-line method at the rate of 5.28% to 7% per annum till the period of 12/13 years from the date of commencement of commercial operations as per the applicable CERC regulation.

After a period of 12/13 years from the date of commencement of commercial operations, the remaining written down value at the end of the 12th/13th year from the date of commercial operations shall be depreciated over the balance useful life of the asset in the manner prescribed under applicable CERC Regulations.

Depreciation on other items of property, plant and equipment of the Group is provided as per Part C of Schedule II of the Companies Act, 2013 except in the following cases where expected useful life of the assets are different from the corresponding life prescribed as under and the Group 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, believes that this is the best estimate on the basis of actual realization

Category	Life as per Schedule II	Life considered
Building	30 years	25 years
Furniture and fixtures	10 years	5 years
Vehicles	8/10 years	5 years
Office equipment	5 years	1-5 years

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.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Leasehold improvements to office facilities are depreciated over the shorter of the lease period or the estimated useful life of the leasehold improvement.

The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

*CERC/GERC regulations have estimated the useful life of 25 years.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the statement of profit and loss when the asset is derecognized.

g) Leases

During the previous year, effective April 01, 2019, the "Group" adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on the date of initial application i.e. April 01, 2019. The Group has applied the modified retrospective approach for transition to Ind AS 116 recognized-of-use asset (ROU) recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the Balance Sheet immediately before the date of initial application.

For contracts entered into, or changed, on or after April 01, 2019, at inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

For contracts entered into before April 01, 2019, the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate is used.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities as a separate line item on the face of the Balance Sheet.

h) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. 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 based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

i) Convertible debentures

Convertible debentures are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at fair value through profit and loss until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Deferred tax is recognised equity portion identified. 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 debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

j) 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, amortisation of ancillary costs 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 interest cost.

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

k) 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 Group 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 and 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 amortization is included in finance income in the Statement of Profit and Loss.

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The losses arising from impairment are recognised in the Statement of Profit and Loss. The category applies to the Group's trade receivables, unbilled revenue, other bank balances, security deposits, etc.

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

A 'debt instrument' is classified as 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 recognised in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals in the statement of Profit and Loss. 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 amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised 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 derecognized (i.e. removed from the Group's balance sheet) when:

(a) the contractual rights to receive cash flows from the asset have expired, or
(b) the 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the 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 Group continues to recognize the asset to the extent of the Group's continuing involvement in the asset. In that case, the 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 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 Group could be required to repay.

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Impairment of financial assets

In accordance with Ind AS 109, the 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;
- 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.

For recognition of impairment loss on the financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g. trade receivables, unbilled revenue etc.

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

The application of simplified approach does not require the 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 Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve 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 twelve 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 are possible within 12 months after the reporting date.

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 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 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 analyzed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense 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 Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the 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.

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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.

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

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

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 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 recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized 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 derecognized 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 recognised in the statement of profit and loss.

Reclassification of financial assets

The 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operation. Such changes are evident to external parties. A change in the business model occurs when the Group either or ceases to perform an activity that is significant to its operations. If the 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 Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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 amortised cost and fair value is recognized in P&L.
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 amortized 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 amortized cost.

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 realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, and interest rate swaps, to hedge its foreign currency risks, and interest rate risks, respectively. 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.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

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In the normal course of business, the Group uses derivative instruments for mitigating the exposure from foreign currency fluctuation risks associated with forecasted transactions denominated in certain foreign currencies and to minimize cash flow volatility associated with changes in foreign currency exchange rates, and not for speculative trading purposes. These derivative contracts are purchased within the Group's policy and are with counterparties that are highly rated financial institutions.

Contracts designated as Cash Flow Hedge

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the 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 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 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.

Cash flow hedges that meet the criteria for hedge accounting are accounted for, as described below

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Group uses forward currency contracts and interest rate swaps as hedges of its exposure to foreign currency risk and interest volatility risk in forecast transactions and firm commitments.

Fair value hedge: hedging of foreign exchange exposure

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

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

Undesignated contracts

Changes in fair value of undesignated derivative contracts are reported directly in statement of profit and loss along with the corresponding transaction gains and losses on the items being economically hedged. Realised gains (losses) and changes in the fair value of these foreign exchange derivative contracts are recorded in foreign exchange gains (losses), net in the statement of profit and loss. These derivatives are not held for speculative or trading purposes.

Cash flow hedges that meet the criteria for hedge accounting are accounted for, as described below

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The Group uses forward currency contracts and interest rate swaps as hedges of its exposure to foreign currency risk and interest volatility risk in forecast transactions and firm commitment

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l) Financial guarantees

Financial guarantees issued by the Parent Company on behalf of group companies are designated as 'Insurance Contracts'. The Parent Company assess at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in statement of profit and loss.

m) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. 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.

Where Power Purchase Agreement or "PPA" 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 Group estimates the total kilowatt hour units expected to be generated over the entire term of the PPA. The 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 Group compares the actual energy output supplied to the estimate of the energy expected to be generated over the remaining term of PPA on a periodic basis, but at least annually. Based on this evaluation, the Group reassess the energy output estimated over the remaining term of the PPA and adjust the revenue recognized and deferred to date. The difference between actual billing and revenue recognized is recorded as deferred revenue. Through March 31,2017, the adjustments have not been significant. The difference between actual billing and revenue recognized is recorded as deferred revenue.

Gross proceeds from sale of Certified Emission Reduction certificates (CERs) are recognized when all the control of CERs have been passed to the buyer, usually on delivery of the CERs.

Sale of power

Revenue from sale of power is recognised when persuasive evidence of an arrangement exists, the fee is fixed or determinable, solar energy kilowatts are supplied and collectability is reasonably assured. Revenue is based on the solar energy kilowatts actually supplied to customers multiplied by the rate per kilo-watt hour agreed to in the respective Power Purchase Agreements. The solar energy kilowatts supplied by the Group are validated by the customer prior to billing and recognition of revenue.

The Group 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).

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.

Income from carbon credit emission

Revenue from the sale of carbon credit emission is recognized at the time of transfer of credits to customers

Sale of goods

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised goods or services to buyer.

Revenue from supply erection and installation contracts

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the construction of solar projects under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including Design and Engineering Work, Procurement and supply of materials, site preparation and foundation, erection and installation of solar power equipment, performance testing and commissioning. The Group accounts for these items as a single performance obligation because it provides composite service of integrating the goods and services (the inputs) into the completed project (the combined output) which the customer has contracted to buy.

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For contracts that meet the over time revenue recognition criteria, the Group's performance is measured using an Input method, by reference to the costs Incurred to the satisfaction of a performance obligation relative to the total expected inputs to the completion of the project. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the, performance obligation (such as uninstalled materials).

Contract revenue earned in excess of billing has been reflected under other current assets and billing in excess of contract revenue has been reflected under current liabilities in the balance sheet.

Liquidated damages / penalties are provided for based on management's assessment of the estimated liability as per contractual terms and / or acceptances. Possible liquidated damages which can be levied by customers for delay in execution of project are accounted for as and when they are levied by the customer.

Viability Gap Funding (VGF)

The Group records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognised as sale of power 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.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the entities forming part of the Group perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, 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 Group have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entities forming part of Group transfer 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 Group perform under the contract.

Trade receivables

A trade receivable represents the right of entities forming part of 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 (k) Financial instruments – initial recognition and subsequent measurement

Income from services

Revenue from maintenance contracts are recognised as and when services are rendered.

Interest income

For all debt instruments measured either at amortised 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 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 and loss.

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Dividends

Revenue is recognized when the Group's right to receive payment is established by the balance sheet date. Dividends from subsidiaries are recognised even if same are declared after the balance sheet date if it pertains to period on or before the date of Balance Sheet as per the requirement of Schedule III of the Companies Act 2013.

Rebates

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

n) Government grants

Grants from the government are recognised at the fair value where there is a reasonable assurance that the grant will be received and the 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 income.

Government grant relating to purchase of property, plant and equipment are included in non- current liabilities as deferred income 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 income.

o) Foreign currencies

The Group's consolidated financial statement are presented in Indian Rupees (INR), which is the Group's functional currency. Functional currency is the currency of the primary economic environment in which a Group operates and is normally the currency in which the Group primarily generates and expends cash.

Transactions in foreign currencies are initially recorded by the Group 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 recognised in 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 recognised in other comprehensive income or statement of profit and loss are also recognised in other comprehensive income or statement of profit and loss, respectively).

p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The 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 recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before

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the balance sheet date, then excess is recognised 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.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The 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 Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The 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 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.

Remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

The interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises 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

Current retirement benefit costs are accrued in the period to which they relate. The method and basis to be used for the calculations is prescribed by Ind AS 19. Actuarial valuation has been carried out as per the Projected Unit Credit Method (PUCM) as being defined by para 57 (a) to determine liabilities and service cost as at 31 March, 2021.

q) Income taxes

Tax expense represents the sum of current tax and deferred tax.

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. 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 tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred Tax

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all deductible 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:

- 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.

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

Current and deferred tax is recognised in 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

The carrying amount of deferred tax assets (including MAT credit available) 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In the situations where the entity is 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 recognised 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 recognised 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 realised. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

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 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 Group.

r) Segment reporting

An operating segment is a component of the Group 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 Group's other components, and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The Group's chief executive officer is the chief operating decision maker.

The group activities mainly involve sale of electricity. Considering the nature of the Group's business 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 (as amended from time to time) and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The Group's principal operations, revenue and decision-making functions are located in India and there are no revenue and non-current assets outside India.

Inter segment transfers

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

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Unallocated items

Includes general corporate income and expense items which are not allocated to any business segment.

s) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for share options of the parent Group (equity-settled transactions). Incremental fair value of the stock option granted relating to already vested options is recognised in the statement of profit and loss and the same has been treated as deemed contribution by parent.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expenses, except the cost of services which is initially capitalised by the Group as part of the cost of property, plant and equipment. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit and loss.

For share-based payment transactions among group entities, in its separate or individual financial statements, the entity receiving the goods or services measures the goods or services received as either an equity-settled or a cash-settled share-based payment transaction by assessing:

(a) the nature of the awards granted, and
(b) its own rights and obligations.

The entity receiving the goods or services measures the goods or services received as an equity-settled share-based payment transaction when:

(a) the awards granted are its own equity instruments, or
(b) the entity has no obligation to settle the share-based payment transaction.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the fair value of the liability are recognised in the statement of profit and loss, except the cost of services which is initially capitalized by the Group as part of the cost of property, plant and equipment.

t) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

u) Provisions

General

Provisions are recognized when the 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised 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 and 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 a Power Purchase Agreement or, if later, the expiration of the lease agreement for solar power plants located on leasehold land, the Group is required to remove the solar power plant and restore the land. The Group records 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.

v) Impairment of non-financial assets

The Group assesses, at each reporting date, 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 Group estimates 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.

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Impairment loss is recognised 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.

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, 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.

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 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 recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

w) Contingent assets/liabilities

Contingent assets are not recognised. However, when realization 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 Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

x) 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
- 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 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 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 Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the 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 relevant notes.

y) 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.

z) 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.

aa) Asset held-for-sale

Assets and asset disposal group are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when management commits to a plan to sell the asset; the asset is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan have been initiated; the sale of the asset is probable within one year; the asset is being actively marketed for sale at a reasonable price in relation to its current fair value; and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets and liabilities classified as held-for-sale are measured at lower of their carrying amount and fair value less costs to sell and depreciation (amortization) ceases once the asset is classified as held for sale. See also, Note 48.

ab) Changes in accounting policy and disclosures – New and amended standards

i. Recent pronouncements

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On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

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b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

c) Specified format for disclosure of shareholding of promoters.

d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

e) If a Group has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Group, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive, and the Group will evaluate the same to give effect to them as required by law.

ii. Other amendments

A number of minor amendments to existing standards also became effective on April 01, 2020 and have been adopted by the Group. The adoption of these new accounting pronouncements did not have a significant impact on the accounting policies, method of computation or presentation applied by the Group.

iii. Standards issued but not yet effective

The Group is currently evaluating the impact of the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements and does not expect to have significant impact on the Group's consolidated financial statements. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

iv. During the current year, the Social Security Code, 2020 ("SS Code") has been passed by the Parliament of India and also received Presidential assent on September 28, 2020. The SS Code has been enacted to amend and consolidate the laws relating to social security with the goal of extending social security to all employees and workers. However, due to second wave of COVID-19 pandemic, implementation of these labour reforms has been delayed and now are expected to be implemented in fiscal 2022.The Group is awaiting the issuance of final guidelines by Central and State governments on the new SS code and is under process of evaluating related impacts of these codes.

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3. Property, plant and equipment

	Freehold Land	Plant and machinery	Furniture and Fixtures	Vehicles	Computers	Office Equipment	Leasehold Improvements	Building	Total	Capital work in progress
Gross block at cost										
At April 1, 2019	24,733	681,568	82	632	609	160	1,414	47,283	756,481	81,858
Additions	4,629	192,692	9	206	246	73	85	10,751	208,691	153,521
Disposals/ Adjustments	360	2,293	-	-	-	-	-	11	2,664	203,443
At March 31, 2020	**29,002**	**871,967**	**91**	**838**	**855**	**233**	**1,499**	**58,023**	**962,508**	**31,936**
Additions	3,671	145,231	7	31	87	79	217	5,206	154,529	235,151
Disposals/ Adjustments	42	10,645	-	-	-	-	-	233	10,920	163,861
Assets classified as held for sale (refer note 48)	804	4,533	-	-	-	-	-	-	5,337	143
At March 31, 2021	**31,827**	**1,002,020**	**98**	**869**	**942**	**312**	**1,716**	**62,996**	**1,100,780**	**103,083**
Accumulated Depreciation and impairment										
At April 1, 2019	-	80,819	41	139	347	101	901	3,818	86,166	-
Charge for the year	-	46,161	16	128	168	42	533	2,153	49,201	-
Disposals/ Adjustments	-	101	-	-	-	-	-	-	101	-
At March 31, 2020	**-**	**126,879**	**57**	**267**	**515**	**143**	**1,434**	**5,971**	**135,266**	**-**
Charge for the year (refer note 23)	-	52,918	16	140	218	37	262	2,284	55,875	-
Disposals/ Adjustments	-	96	-	-	-	-	-	1	97	-
Assets classified as held for sale (refer note 48)	-	2,502	-	-	-	-	-	-	2,502	-
Impairment loss (Refer note 48)	-	5,608	-	-	-	-	-	-	5,608	436
At March 31, 2021	**-**	**182,807**	**73**	**407**	**733**	**180**	**1,696**	**8,254**	**194,150**	**436**
Net block										
At March 31, 2021	**31,827**	**819,213**	**25**	**462**	**209**	**132**	**20**	**54,742**	**906,630**	**102,647**
At March 31, 2020	**29,002**	**745,088**	**34**	**571**	**340**	**90**	**65**	**52,052**	**827,242**	**31,936**

Notes:
Refer note 33 for expenditure capitalized during construction period.
The amount of borrowing costs capitalized (net) during the year ended March 31, 2021 was INR 3,239 lakhs (March 31, 2020: INR 6,865 lakhs).
Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which are described in Note 12.1 on borrowings.

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(INR amount in lakhs, unless otherwise stated)

4. Intangible assets

	Software	Total
Gross block at cost		
At April 1, 2019	**1,219**	**1,219**
Additions	425	425
Disposals/ Adjustments	-	-
At March 31, 2020	**1,644**	**1,644**
Additions	78	78
Disposals/ Adjustments	-	-
At March 31, 2021	**1,722**	**1,722**
Accumulated Amortization		
At April 1, 2019	582	**582**
Additions	519	519
Disposals/ Adjustments	-	-
At March 31, 2020	**1,101**	**1,101**
Additions (refer note 23)	371	371
Disposals/ Adjustments	-	-
At March 31, 2021	**1,472**	**1,472**
Net block		
At March 31, 2021	**250**	**250**
At March 31, 2020	**543**	**543**

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Particulars		As at March 31, 2021	As at March 31, 2020
5. Non-current Financial assets			
5.1 Non-Current investments			
Investment in equity shares of associates			
Waaree Power Private Limited*		-	-
Total		-	-
Total		-	-
Aggregate value of unquoted investments		-	-

*During previous year, the Parent Company won a tender issued by Solar Energy Corporation of India Limited (SECI) pursuant to which the Company had agreed to a firm purchase commitment with a solar module manufacturer to procure 2,800 MWs of modules. Pursuant to the terms of the tender, the Company had entered into a joint venture agreement on January 6, 2020 with a third party to establish a manufacturing facility with a capacity of manufacturing 500 MW Solar PV Modules per annum.

Accordingly, the Parent Company had invested INR 26,000 in the previous year to acquire 26% of the equity shares in a newly formed company incorporated as part of the joint venture agreement to establish a manufacturing facility (investee) and is committed to further invest 26% of the equity required for construction of the manufacturing facility and procure modules, in compliance with the terms of the aforementioned tender.

5.2 Loans			
(Unsecured, considered good)			
Carried at amortized cost			
Security deposits		297	380
Performance bank guarantee receivable		251	223
Total		548	603
5.3 Other financial assets			
Carried at amortized cost			
Term deposits*		45,451	56,552
Interest accrued on term deposits		2,144	2,365
Carried at fair value through other comprehensive income			
Derivative assets		208	1,147
Total		47,803	60,064
Total	(A+B)	48,351	60,667

* The Group has INR 5,089 lakhs (March 2020: 7,179 lakhs) as term deposits lying with banks that represents an amount towards Debt-Service Reserve account for its outstanding loan.

* The Group has INR 117 lakhs (March 2020: 600 lakhs) as term deposits lying with banks that represents an amount towards Interest-Service Reserve account for its working capital demand loan.

* The Group has INR 36,796 lakhs (March 2020: 47,928 Lakhs) as term deposits lying with banks that represent an amount towards hedging margin and margin money against bank guarantees and letter of credit.

* The Group has INR 19 lakhs (March 2020: 14 lakhs) as term deposits lying with banks that represent an amount issued to statutory authorities.

* The Group has INR 51 lakhs (March 2020: 91 lakhs) as deposits for other commitments.

6. Income tax assets (net)		
Advance income-tax (net of provision for tax)	8,457	5,476
Total	8,457	5,476
7. Other non-current assets		
(Unsecured, considered good)		
Capital advances - others	3,717	3,827
Deferred financing cost	1,601	583
Prepaid asset - land use rights	9,071	8,268
Prepaid asset - others	73	219
Prepaid performance bank guarantee	2,740	2,873
Contract assets	3,449	3,237
Balance with statutory authorities	-	352
Total	20,651	19,359

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(INR amount in lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
8. Current financial assets		
(Carried at amortized cost, unless stated otherwise)		
8.1 Trade receivables		
Trade receivables - related parties (refer note 27)	23	2,739
Trade receivables - others*	48,808	43,628
Total	48,831	46,367
Break up for trade receivables:		
From others		
Unsecured, considered good	48,831	46,367
Trade receivables - credit impaired	4,799	2,448
	53,630	48,815
Provision for expected credit losses (Impairment allowance)		
Trade receivables - credit impaired	(4,799)	(2,448)
Total	48,831	46,367

*Trade receivables are non-interest bearing and are generally on terms of 30 to 75 days.

Particulars	As at March 31, 2021	As at March 31, 2020
8.2 Cash and cash equivalents		
Balances with banks:		
- In current accounts	11,266	26,082
- Deposits with original maturity of less than 3 months	55,980	43,788
Total	67,246	69,870
8.3 Other bank balances		
- Deposits held as margin money with maturity less than 12 months	2,838	-
- Deposits with remaining maturity for more than 3 months but with remaining maturity for less than 12 months	38,510	20,555
Total	41,348	20,555
8.4 Loans		
(Unsecured, considered good)		
Security deposits	-	1
To related parties:		
Loans to fellow subsidiaries* (refer note 27)	5,808	3,037
Advance to fellow subsidiaries (refer note 27)	3,688	1,063
Total	9,496	4,101

* The loans have been granted to fellow subsidiaries which are repayable in one year. These loans are provided at rate of 10.60% p.a. to 12.00% p.a.

Particulars	As at March 31, 2021	As at March 31, 2020
8.5 Other current financial assets		
Carried at amortized cost		
Interest accrued on term deposits	1,088	815
Interest accrued on loans to subsidiaries/fellow subsidiaries (Refer Note 27)	374	18
Firm commitment	8,763	-
Viability gap funding receivable	13	12
Receivables from holding company (refer note 27)	6	-
Receivables from fellow subsidiaries (refer note 27)	22	18
Carried at fair value through other comprehensive income		
Derivative assets	378	6,725
Total	10,644	7,588
9. Other current assets		
Contract assets	61	61
Balance with statutory authorities	2,434	3,136
Prepaid asset - land use rights	355	313
Prepaid asset - others	1,899	1,411
Prepaid performance bank guarantee	99	133
Advance to vendors		
Unsecured, considered good	236	1,450
Unsecured, considered doubtful	703	703
(Less): Allowance for bad and doubtful advances	(703)	(703)
	236	1,450
Deferred financing cost	2,099	2,645
Other advances	99	88
Other current assets	-	187
Total	7,282	9,424

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(INR amount in lakhs, unless otherwise stated)

10. Equity Share Capital

Particulars	March 31, 2021	March 31, 2020
Authorized share capital:		
4,33,33,333 (March 31, 2020: 4,33,33,333) equity shares of INR 10/- each	4,333	4,333
8,66,66,667 (March 31, 2020: 8,66,66,667) non redeemable compulsory convertible preference shares (CCPS) of INR 10/- each	8,667	8,667
	13,000	**13,000**
Issued, subscribed and fully paid-up share capital:		
45,51,443 (March 31, 2020: 45,51,443) equity shares of INR 10/- each	455	455
	455	**455**

A. Reconciliation of No. of Equity Shares	No. of shares	Share Capital
At April 01, 2019	3,660,739	366
Addition during the year*	890,704	89
At March 31, 2020	**4,551,443**	**455**
Addition during the year	-	-
At March 31, 2021	**4,551,443**	**455**

*During the previous year ended March 31, 2020, the Parent Company had issued 8,90,704 number of equity shares of INR 10 each fully paid up to Azure Power Global Limited @ INR 6,078 (which includes INR 6,068 as security premium) per share.

B. Terms/Rights attached to shares

The Parent Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by holding company

Out of equity shares issued by the Parent Company, shares held by its holding company are as below:

	March 31, 2021	March 31, 2020
Azure Power Global Limited, the holding company		
44,48,856 (March 31, 2020: 44,48,856) equity shares of INR 10/-each fully paid up	445	445

D. Details of shareholders holdings more than 5% shares

Name of the shareholder	Number of shares held March 31, 2021	Percentage of Holding March 31, 2021	Number of shares held March 31, 2020	Percentage of Holding March 31, 2020
Equity shares of INR 10 each fully paid				
Azure Power Global Limited	4,448,856	97.75%	4,448,856	97.75%
Inderpreet S Wadhwa (refer note 37- contingent liabilities)	97,497	2.14%	97,497	2.14%

As per records of the Parent Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

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Azure Power India Private Limited
Notes to consolidated financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

11. Other equity

For the year ended March 31, 2021:

Particulars	Deemed capital contribution by parent / ESOP reserve (Note 11.1)	Reserves and surplus			Items of OCI			Non-controlling interests)	Total equity
		Surplus in the statement of profit and loss (Note 11.2)	Securities premium account (Note 11.3)	Other reserve (Note 11.4)	Defined benefit plans (Note 11.5)	Cash Flow Hedge Reserve (Note 11.6)	Foreign currency translation reserve (FCTR) (Note 11.7)		
At April 01, 2020	2,163	(109,641)	333,736	403	(45)	(1,028)	38	1,880	227,506
Loss for the year	-	(35,481)	-	-	-	-	-	(396)	(35,877)
Other comprehensive income/ (loss)	-	-	-	-	(23)	(984)	(9)	-	(1,016)
Total Comprehensive income	2,163	(145,122)	333,736	403	(68)	(2,012)	29	1,484	190,613
Deemed capital contribution by parent on account of employees Stock option plan (refer note 28)	442	-	-	-	-	-	-	-	442
At March 31, 2021	2,605	(145,122)	333,736	403	(68)	(2,012)	29	1,484	191,055

For the year ended March 31, 2020:

Particulars	Deemed capital contribution by parent / ESOP reserve (Note 11.1)	Reserves and surplus			Items of OCI			Non-controlling interests	Total equity
		Surplus in the statement of profit and loss (Note 11.2)	Securities premium account (Note 11.3)	Other reserve (Note 11.4)	Defined benefit plans (Note 11.5)	Cash Flow Hedge Reserve (Note 11.6)	Foreign currency translation reserve (FCTR) (Note 11.7)		
At April 01, 2019	1,881	(85,521)	279,844	383	6	(510)	33	2,615	198,731
Loss for the year	-	(24,120)	-	-	-	-	-	(714)	(24,834)
Other comprehensive income/ (loss)	-	-	-	-	(51)	(518)	5	-	(564)
Total Comprehensive Income	1,881	(109,641)	279,844	383	(45)	(1,028)	38	1,901	173,333
Securities premium on account of issue of equity shares during the year	-	-	53,892	-	-	-	-	-	53,892
Deemed capital contribution by parent on account of employees Stock option plan (refer note 28)	282	-	-	-	-	-	-	-	282
Acquisition of non-controlling interests	-	-	-	20	-	-	-	(21)	(1)
At March 31, 2020	2,163	(109,641)	333,736	403	(45)	(1,028)	38	1,880	227,506

Nature and purpose of reserves

11.1 ESOP reserve
The share options based payment reserve is used to recognize the grant date fair value of options issued to employees under Employee stock option plan.

11.2 Surplus in the statement of profit and loss
Surplus in the statement of profit and loss are the results of the Group earned till date net of appropriations.

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

11.4 Other reserve
The Group recognizes profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

11.5 Defined benefit plans
Defined benefits plans includes all the remeasurements, comprising of actuarial gains/losses on defined benefits obligation & Fair value of assets.

11.6 Cash flow hedging reserve
The Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Group uses cross currency swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

11.7 Foreign currency translation reserve
Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

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(INR amount in lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
12. Non-current financial liabilities		
12.1 Non-current Borrowings		
At amortized cost		
Term loans (secured)		
Foreign currency loan from financial institutions	52,074	28,432
Foreign currency loan from bank	21,037	45,395
Term loan from financial institutions	167,091	80,409
Term loan from banks	18,583	39,034
External commercial borrowings**** (refer note 27)	204,867	204,867
Non-convertible debentures		
Non-convertible debentures- Secured ***** (refer note 27)	311,799	308,170
Non-convertible debentures- Unsecured *****	18,680	18,680
From related party		
Loan from fellow subsidiary****** (refer note 27)	46,899	46,749
Total	**841,030**	**771,736**
Current maturities of long-term borrowing (refer note 15.3)	46,580	23,026
Total debt	**887,610**	**794,762**

Entity	Nature of loan	Lender	Purpose	Type of Interest	Rate of interest	Repayment Terms	Gross borrowing# outstanding at March 31, 2021	Gross borrowing# outstanding at March 31, 2020
Azure Solar Private Limited*	Term loan in USD	EXIM	Borrowing for financing of the 35 MW solar power project.	Fixed rate	Interest rate of term loan is 4.0732%. The effective interest rate is 4.32%.	The loan is repayable in 36 semi-annual instalments starting from August 20, 2013 and ending on February 20, 2031.	NIL##	30,858
Azure Power (Rajasthan) Private Limited***	Term loan in INR	L&T Infra Debt Fund	Borrowing for re-financing of 5 MW solar power project.	Fixed rate	Interest rate of term loan is 9.70%. The effective interest rate is 10.48%.	The loan is repayable in 49 quarterly instalments commenced December 31, 2019.	4,433	4,749
Azure Sunlight Private Limited*	Term loan in USD	OPIC	Borrowing for financing of the rooftop solar power project.	Fixed rate	Interest rate of term loan is 4.42%. The effective interest rate is 4.65%.	The loan is repayable in 54 quarterly instalments which commenced from October 15, 2017 and ending on January 15, 2031.	449	492
Azure Power India Private Limited*	Term loan in INR	Yes Bank, TMB, Syndicate Bank and P&S Bank	Borrowing for financing of the 30 MW solar power project.	Floating Rate	Base rate plus 11.75% per annum. The effective interest rate is 12.33%.	The loan is repayable in 58 quarterly instalments starting from December 31, 2015 and ending on December 31, 2029.	12,145	12,965

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(INR amount in lakhs, unless otherwise stated)

Entity	Nature of loan	Lender	Purpose	Type of Interest	Rate of interest	Repayment Terms	March 31, 2021	March 31, 2020
Azure Power India Private Limited*	Term loan in INR	Rural Electrification Corporation Limited (RECL)	Borrowing for financing of the 10 MW solar power project.	Floating Rate	The rate of interest shall be applicable for a Grade-III borrower for the financing will reset after 10 years. The floating interest rate is at REC lending rate.	The loan is repayable in 60 quarterly instalments starting from June 30, 2017 and ending on March 31, 2032.	NIL####	4,305
Azure Power India Private Limited*	Term loan in INR	Indian Renewable Energy Development Agency (IREDA)	Borrowing for financing of the 100 MW solar power project.	Floating Rate	The floating interest rate at Grade-II as per IREDA	The loan is repayable in 73 quarterly instalments started from June 30, 2018 and ending on June 30, 2036	51,255	53,346
Azure Power India Private Limited	Non-convertible debentures in INR	Barclays	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	7,500
Azure Power India Private Limited	Non-convertible debentures in INR	Brunei Investment Agency as managed by East spring Investments Singapore Limited	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	100
Azure Power India Private Limited	Non-convertible debentures in INR	East springs Investments Asian Total Return Bond Fund	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	500
Azure Power India Private Limited	Non-convertible debentures in INR	Eastsprings Investments Asian Bond Fund	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	2,000
Azure Power India Private Limited	Non-convertible debentures in INR	Eastsprings Investments Asian Local Bond Fund	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	3,700
Azure Power India Private Limited	Non-convertible debentures in INR	Eastsprings Investments global emerging markets Bond Fund	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	700
Azure Power India Private Limited	Non-convertible debentures in INR	Eastsprings Investments Asian high yield Bond Fund	The purpose of loan is for financing solar power project.	Fixed rate	Interest Rate of term loan is 10.50%	The debentures are repayable on expiry of period of 15 months from the date of allotment.	NIL###	500

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(INR amount in lakhs, unless otherwise stated)

Entity	Nature of loan	Lender	Purpose	Type of Interest	Rate of interest	Repayment Terms	March 31, 2021	March 31, 2020
Azure Power India Private Limited***	Term loan from Bank	Aditya Birla Finance Limited & Tata Cleantech Capital Limited	The purpose of loan is for financing 200 MW solar power project.	Floating rate	MCLR plus 0.55%	Loan is repayable in 74 quarterly installments commencing from March 2020.	16,559	14,277
Azure Power India Private Limited	Foreign currency loan from bank	Yes Bank-Buyer's Credit	The purpose of loan is for financing 200 MW solar power project.	Floating Rate	Six months LIBOR plus 0.5% spread	The facility is repayable by the end of September and October 2021	42,179	43,257
Azure Power India Private Limited*******	Non-convertible debentures in INR	FMO	Borrowing for financing of various solar power project.	Fixed rate	Interest rate of term loan is 12.30%	The debentures are repayable in 11 equated semi-annual instalments beginning September 2022 until September 2027	19,000	19,000
Azure Sun Energy Private Limited**	Term loan in INR	International Financial Corporation	Borrowing for financing of the 2.5 MW solar power project.	Fixed rate	The fixed interest rate is 12.16%	The loan is repayable in 29 half yearly instalments starting from January 15, 2014 and ending on January 15, 2028.	808	900
Azure Surya Private Limited	Foreign currency loan from bank	Yes Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	592	607
Azure Power (Karnataka) Private Limited	Foreign currency loan from bank	Indusind Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	296	303
Azure Photovoltaic Private Limited	Foreign currency loan from bank	Indusind Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	514	527
Azure Power (Raj.) Private Limited	Foreign currency loan from bank	Indusind Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	640	656
Azure Clean Energy Private Limited	Foreign currency loan from bank	Indusind Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	296	303
Azure Sunrise Private Limited	Foreign currency loan from bank	Indusind Bank-Buyer's Credit	Repowering of solar power project	Floating Rate	Six months LIBOR plus 0.8% spread	The facility is repayable in June 2021	614	630
Azure Power Jupiter Private Limited***	Term loan in INR	TATA Capital Financial Services Limited	Borrowing for re-financing of the 50 MW PV solar power project.	Floating Rate	TCCL Prime Lending rate less 6.3%	The loan is repayable in 71 quarterly instalments and commenced March 31, 2020.	20,332	21,096

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Azure Power India Private Limited
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Entity	Nature of loan	Lender	Purpose	Type of Interest	Rate of interest	Repayment Terms		March 31, 2020
Azure Power Thirty Eight Private limited***	Term loan in INR	State Bank of India	Borrowing for financing of a 16 MW solar power project.	Floating Rate	MCLR + 0.35%	The loan is repayable in 52 quarterly installments commencing June 2020.	4,498	4,633
Azure Power Forty Private limited***	Term loan in INR	Rural Electrification Corporation Limited (RECL)	Borrowing for financing of its 90 MW solar project.	Floating Rate	REC Lending Rate	The loan is repayable in 204 monthly instalments commencing April 2022.	17,864	10,000
Azure Power India Private Limited*	Term loan in INR	Kotak Infrastructure Debt Fund Limited	For financing of a 10 MW solar power project with Bangalore Electricity Supply Company Limited.	Floating Rate	These facilities carry an interest rate of 8.50% per annum fixed till September 30, 2022 and shall be reset every two years thereafter.	The loan is repayable in 54 quarterly instalments commencing December 2020.	3,973	NIL
Azure Power India Private Limited**	Foreign currency Loan	Export Development Canada	For providing funds to project SPVs as shareholder loans or through other instrument for capital expenditure or for payment of capital expenditure in respect of each project.	Floating Rate	These facilities are foreign currency loans and carries an interest rate of LIBOR+Margin of 3.95%	The loan is repayable in 8 half yearly instalments commencing November 2021.	53,968	NIL
Azure Power India Private Limited**	Foreign currency Loan	Standard Chartered Bank (Singapore) Limited	For providing funds to project SPVs as shareholder loans or through other instrument for capital expenditure or for payment of capital expenditure in respect of each project.	Floating Rate	These facilities are foreign currency loans and carries an interest rate of LIBOR+Margin of 3.95%	The loan is repayable in 8 half yearly instalments commencing November 2021.	14,391	NIL
Azure Power Solar Private Limited***	Term loan in INR	L&T Infra Debt Fund	For financing of its 35 MW solar project with NTPC Vidyut Vyapar Nigam Limited.	Fixed Rate	These facilities carry an interest rate of 9.60%	The loan is repayable in 52 quarterly instalments commencing June 2020.	24,366	NIL
Azure Power Forty Thee Private Limited***	Foreign currency Loan	Power Finance Corporation Limited (PFC)	For financing of its 600 MW solar project with Solar Energy Corporation of India.	Floating Rate	The applicable interest rate is 10.30% per annum payable monthly. This interest rate is applicable for Renewable	The loan is repayable in 228 monthly instalments commencing November 2021.	40,946	NIL
Azure Power Forty Three Private Limited	Foreign currency Loan	Axis Bank, ICICI Bank and IndusInd bank	For one of the under construction SPV's 600 MW solar power project with Solar Energy Corporation of India.	Floating Rate	This facility carry a floating interest rate of six months LIBOR plus spread (45 basis points, 60 basis points or 11 basis points) as applicable.		74,276	NIL

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Gross borrowings represents outstanding loan amount including current maturities but without adjusting unamortized ancillary cost of borrowing at the year end.

The loan has been refinanced during the financial year ending March 31, 2021.

The loan has been repaid during the financial year ending March 31, 2021.

The loan has been repaid during the financial year ending March 31, 2021, ahead of repayment date.

* Borrowing is secured by first charge on Group's movable and immovable properties.

** Borrowing is collateralized by the shares of project SPVs and hypothecation/charge over receivables of the Group.

*** Borrowing is secured by underlying solar power project assets.

**** During August 2017, some of the Group's subsidiaries (Restricted Group entities) have raised External Commercial Borrowings ("ECB") denominated in Indian Rupees and raised INR 2,04,867 lakhs from Azure Power Energy Limited (APEL) a fellow subsidiary. APEL has issued Solar Green Bonds to the ultimate investor and invested the proceeds back in the Restricted Group entities. APGL had guaranteed the principal and interest repayments to the investors, however the guarantee became ineffective on May 07, 2020 upon meeting certain financial covenants at group level, which were met basis financial statements for the year ended March 31, 2019. The ECB's are recorded at amortized cost basis. In accordance with the terms of the issue, the proceeds were used for repayment of the existing project level loans. The interest on the ECB's are payable on a semi-annual basis and the principal amount is payable in November 2022.

***** During August 2017, some of the Group's subsidiary (Restricted Group entities) have issued Non-Convertible Debentures ("NCD") denominated in Indian Rupees and raised INR 1,07,700 Lakhs from Azure Power Energy Limited (APEL) a fellow subsidiary. APEL has issued Solar Green Bonds to the ultimate investor and invested the proceeds back in the Restricted Group entities. APGL had guaranteed the principal and interest repayments to the investors, however the guarantee became ineffective on May 07, 2020 upon meeting certain financial covenants at group level, which were met basis financial statements for the year ended March 31, 2019. The total premium of 12,241 lakhs are payable at the time of redemption of NCD. During the year, redemption premium of INR 1,919 lakhs have been recorded as finance cost, using the effective interest rate method. The NCD's are recorded at amortized cost basis. In accordance with the terms of the issue, the proceeds were used for repayment of the existing project level loans. The interest on the NCD's are payable on a semi-annual basis and the principal amount is payable in November 2022. The NCD's are secured by a pledge of 51% of securities of the issuer respective Restricted Group entities and Azure Power Global Limited.

***** During the year ended March 2020, some of the Group's subsidiary (Restricted Group-II entities) have issued Non-Convertible Debentures ("NCD") denominated in Indian Rupees and raised INR 1,95,006 Lakhs from Azure Power Solar Energy Private Limited (APSEPL) a fellow subsidiary. APSEPL has issued Solar Green Bonds to the ultimate investor and invested the proceeds back in the Restricted Group-II entities. Azure Power Global Limited (Holding Company) has guaranteed the principal and interest repayments to the ultimate investors and the guarantee shall become ineffective on meeting certain financial covenants. The total premium of INR 6,767 lakhs are payable at the time of redemption of NCD. During the year, redemption premium of INR 3,526 lakhs have been recorded as finance cost, using the effective interest rate method. The NCD's are recorded at amortized cost basis. In accordance with the terms of the issue, the proceeds were used for repayment of the existing project level loans. The interest on the 5.65% Senior Notes are payable on a semi-annual basis and the principal amount is payable in December 2024. The NCD's are secured by a pledge of 51% of securities of the issuer respective Restricted Group - II entities and Azure Power Global Limited

******* During September 2017, the Group has issued Non-Convertible Debentures and borrowed INR 19,000 lakhs. The issuance expenses are amortized over the term of the contract using the effective interest rate method. The Non-Convertible Debentures are secured by charge on the debt service reserve account (DSRA) in favor of the Debenture Trustee.

******** During September 2018, the Group issued Non-Convertible Debentures and borrowed INR 15,000 lakhs which has been renewed during the previous year. The issuance expenses are amortized over the term of the contract using the effective interest rate method. The Non-Convertible Debentures are collateralized with the shares of eight of the Group's subsidiaries in terms of the debentures deed, total assets of one of its subsidiaries and a charge over loans and advances. The loan has been repaid during the year.

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Azure Power India Private Limited
Notes to consolidated financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
12.2 Other non-current financial liabilities		
Financial liabilities at fair value through profit or loss		
Cash-settled share-based payments	11,157	2,005
Financial liabilities at fair value through other comprehensive income		
Derivative liabilities	2,374	-
Total	13,531	2,005

13. Provisions

13.1 Non-current

Provision for gratuity (refer note 39)	471	262
Provision for decommissioning liabilities*	8,109	7,407
Total	8,580	7,669

*A provision has been recognized for decommissioning costs associated with solar power plants constructed on leasehold land. The Group is under an obligation to decommission the plant at the expiry of the lease term, before handing over the leasehold land to the lessor.

Movement in provision for decommissioning liabilities		
Opening balance	7,407	6,650
Addition during the year	2,107	398
Amount adjusted due to change in estimate	(1,826)	-
Accretion during the year	421	359
Closing balance	8,109	7,407

13.2 Current

Provision for compensated absences	453	309
Provision for gratuity (refer note 39)	22	47
Total	475	356

14. Other non-current liabilities

Deferred viability gap funding income	16,766	15,456
Deferred government grant	1,076	1,082
Deferred revenue	6,766	5,836
Total	24,608	22,374

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Particulars	As at March 31, 2021	As at March 31, 2020
15. Current financial liabilities		
(Carried at amortized cost)		
15.1 Current borrowings		
Secured loans		
From Banks:		
Term loan*	15,155	-
Working capital demand loan**	-	9,748
Foreign currency loan from bank***	74,277	-
Unsecured		
From related parties:		
Loans from fellow subsidiary****(refer note 27)	-	155
Total	**89,432**	**9,903**

* During the year, the Group has taken a short-term loan facility of INR 15,285 Lakhs from HSBC Bank. Borrowings under this facility are repayable within 12 months of disbursement. The facility bears an interest rate of 8.75% per annum, payable monthly.

** During the previous year, some of the subsidiary companies have taken working capital facility from ICICI Bank amounting to INR 16,900 lakhs for meeting the working capital requirement for execution of the EPC contracts awarded/to be awarded to them for identified solar development projects to be set up by those companies. The facility bears an interest rate of 10.15% p.a. and is repayable within 12 months from the date of agreement. The loans are secured by first ranking hypothecation/other charge on current assets, book debts and receivable of those subsidiary companies. The Company had repaid INR 7,091 lakhs as of March 31, 2020 and remaining amounts were repaid during the current year.

*** During the year, the Group has taken a buyer's credit facility amounting to INR 74,277 lakhs for one of its under construction SPVs for 600 MW solar power project with Solar Energy Corporation of India, entered during the current period. This facility carry a floating interest rate of six months LIBOR plus spread (45 basis points, 60 basis points or 11 basis points) as applicable.

**** During the previous year, these loans were taken from fellow subsidiaries which were repayable in one year and carried interest at rate of 10.60% p.a. The loans were utilized for business purpose. The same has been repaid during the current year.

Particulars	As at March 31, 2021	As at March 31, 2020
15.2 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 31)	1,096	114
- Total outstanding dues of creditors other than micro enterprises and small enterprises *	9,016	9,302
Total	**10,112**	**9,416**
* Includes payable to related parties (refer note 27)	334	334
15.3 Other current financial liabilities		
Other financial liabilities at amortized cost		
Current maturities of long-term borrowing (refer note 12.1)	46,580	23,026
Firm commitment	-	6,687
Interest accrued but not due on borrowings	2,964	276
Interest accrued but not due to subsidiaries/ fellow subsidiaries (refer note 27)	18,873	25,509
Payable to holding company / subsidiary companies (refer note 27)	996	1,074
Payable for purchase of capital goods to others #	40,261	15,486
Financial liabilities at fair value through other comprehensive income		
Derivative liabilities	741	-
Financial liabilities at fair value		
Cash-settled share-based payments	1,020	727
Derivative liabilities	8,867	-
Total	**120,302**	**72,785**

Payable towards purchase of capital goods to others, includes INR 1,222 lakhs (March 31, 2020: INR 873 lakhs) outstanding dues of micro enterprises and small enterprises (refer note 31).

Particulars	As at March 31, 2021	As at March 31, 2020
16. Other current liabilities		
Statutory dues	1,228	1,420
Deferred viability gap funding income	1,100	1,104
Deferred government grant	67	75
Total	**2,395**	**2,599**

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Particulars	As at March 31, 2021	As at March 31, 2020
17. Deferred tax assets/(liabilities)		
Deferred tax asset	32,148	27,311
Total	**32,148**	**27,311**
Deferred tax liability	145	3,167
Total	**145**	**3,167**
Deferred tax assets (net)	**32,003**	**24,144**

Reconciliation of Deferred Tax asset / (liability) (Net) :

	As at April 01, 2019	Movement during the year	As at March 31, 2020	Movement during the year	As at March 31, 2021
Deferred tax liability:					
Depreciation	19,755	17,496	37,251	32,758	70,009
Derivative asset	-	11	11	(11)	-
Total deferred tax liability (A)	**19,755**	**17,507**	**37,262**	**32,747**	**70,009**
Deferred tax assets:					
Capital Work in progress margin	1,343	665	2,008	1,712	3,720
MAT credit entitlement	7,372	(889)	6,483	(383)	6,100
Deferred Revenue	3,461	601	4,062	596	4,658
Deferred tax assets on brought forward losses	14,909	29,151	44,060	41,644	85,704
Provision for expected credit losses	123	612	735	644	1,379
Provision for asset retirement obligation	1,311	475	1,786	126	1,912
Provision for employee benefits	287	(76)	211	63	274
Provision for cash-settled share-based payments	-	612	612	(612)	-
Lease liability	-	358	358	183	541
Other Differences	-	549	549	(549)	-
Impact of fair valuation of rooftop assets under disposal group (refer note 48)	-	-	-	(3,292)	(3,292)
Total deferred tax assets (B)	**28,806**	**32,058**	**60,864**	**40,132**	**100,996**
Deferred Tax asset / (liability) (Net) (B) - (A) *	**9,051**	**14,551**	**23,602**	**7,385**	**30,987**
Deferred Tax on Cash flow hedge through OCI	270	272	542	474	1,016
Deferred Tax asset / (liability) after OCI	**9,321**	**14,823**	**24,144**	**7,859**	**32,003**

* Includes deferred tax asset written off during the current year amounting to INR 670 lakhs. Refer note 48 for further details.

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

		For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting loss before income tax		**(42,055)**	**(38,695)**
Applicable statutory income tax rate		34.94%	34.94%
Tax at applicable tax rate	**(A)**	**(14,694)**	**(13,520)**
Tax effect of expenses that are not deductible in determining taxable profit:			
Carry forward losses as reversing in the tax holiday		(4,833)	2,664
Permanent differences disallowed under income tax Act		20,525	16,463
Difference in tax and book depreciation due to tax holidays		(1,191)	(15,315)
Difference in tax rate of subsidiaries		(492)	(354)
Income tax adjustment pertaining to earlier year		(25)	(720)
Non deductible employee benefits		840	-
Impact of fair valuation of rooftop assets under disposal group (refer note 48)		3,292	-
Total	**(B)**	**18,116**	**2,738**
Tax effect of income that are not taxable in determining taxable profit:			
Brought forward losses adjusted		(9,918)	(3,368)
Others		318	144
Total	**(C)**	**(9,600)**	**(3,224)**
Change in effective rate of tax	**(D)**	-	145
Total tax benefit	**(A+B+C+D)**	**(6,178)**	**(13,861)**
Component of tax expenses:			
Current tax expense		1,902	1,410
Income tax adjustment pertaining to earlier year		(25)	(720)
Deferred tax expense / (credit)		(8,055)	(14,551)
Total tax benefit		**(6,178)**	**(13,861)**

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Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
18. Revenue From Operations		
Revenue from Contract with Customers		
Sale of power	147,845	127,073
Construction revenue	-	53
Services rendered	9	1,871
Other operating revenues		
Viability gap funding income	1,057	1,179
Carbon credit emission income	1,029	-
Government grants related to assets	81	66
Total	**150,021**	**130,242**
19. Interest income		
On financial assets measured at amortized cost		
- Term deposits	3,982	4,639
- Loans to related parties (refer note 27)*	418	575
- Others	216	152
Interest on refund of income tax	329	33
Total	**4,945**	**5,399**

*An amount of INR 55 lakhs(March 31, 2020 : Nil) has been capitalised during the year

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
20. Other non-operating income		
Net gain on sale of current investments measured at FVTPL	-	921
Provision/liabilities no longer required written back	1,345	2
Gain on lease modification	475	-
Miscellaneous income	784	533
Total	**2,604**	**1,456**
21. Cost of material consumed		
Cost of material consumed	612	39
Total	**612**	**39**
22. Employee benefits expense		
Salaries, wages and bonus	5,205	6,884
Contribution to provident and other funds	240	326
Gratuity expense (refer note 39)	110	117
Staff welfare expenses	15	356
Share based payment expense (refer note 28)	13,583	1,881
Total	**19,153**	**9,564**
23. Depreciation, amortization and impairment expense		
Depreciation of tangible assets (refer note 3)	55,875	49,201
Depreciation of right of use assets (refer note 36)	1,059	1,186
Amortization of intangible assets (refer note 4)	371	519
Total	**57,305**	**50,906**
24. Finance cost		
Interest expenses on financial liabilities measured at amortized cost		
- Term loans*	30,607	68,779
- Loans from holding company/ fellow subsidiaries (refer note 27)	58,690	14,673
- Lease liabilities (refer note 36)	2,034	1,917
Prepayment charges on repayment of term loans	2,569	2,469
Other finance costs	1,298	1,256
Other borrowing costs	1,384	2,021
Total	**96,582**	**91,115**

* Includes ancillary cost of borrowings written off related to the debt refinancing amounting to INR 302 lakhs (March 31, 2020: INR 1,578 lakhs).

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(INR amount in lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
25. Other expenses		
Power and fuel	88	103
Guest house expenses	91	213
Rent (refer note 36)	322	299
Rates and taxes	3,425	2,576
Insurance	1,533	773
Repair and maintenance		
-Plant and machinery	2,275	2,105
-Vehicle	19	36
-Other repairs	1,169	950
Travelling and conveyance	328	1,125
Legal and professional fees	1,752	3,494
Payment to auditor (inclusive of taxes)	39	43
Corporate social responsibilities (refer note 32)	195	372
Operation and maintenance fees*	39	705
Management Fees*	234	108
Premium on option cost amortized	42	1,088
Provision for expected credit losses (refer note 8.1 and 42)	2,870	2,388
Provision for doubtful advances (refer note 9)	-	703
Bad debts written off (refer note 42)	77	-
Security charges	2,108	1,925
Bank charges	133	21
Loss on lease modification	62	-
PPA charges pertaining to projects**	-	366
Foreign exchange fluctuation (net)	15	3,934
Loss on sale/disposal of property, plant and equipment (net)	233	209
Tender and application fee	81	-
Miscellaneous expenses	1,278	632
Total	**18,408**	**24,168**

* GST portion on inter-company billing / services.
** Liquidation changes/ project cancellation charges.

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(INR amount in lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020

26. Earnings/ (loss) per share

Basic EPS amounts are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity shareholders of the Company (after adjusting for interest on the convertible debentures and convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Loss after tax for calculation of basic EPS	(A)	(35,877)	(24,834)
Loss after tax for calculation of diluted EPS	(B)	(35,877)	(24,834)
Weighted average number of equity shares in calculating basic EPS	(C)	4,551,443	3,910,520
Weighted average number of shares in calculating diluted EPS	(D)	4,551,443	3,910,520
Basic Earning per share	(A/C)	(788.26)	(635.06)
Diluted Earning per share	(B/D)	(788.26)	(635.06)

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(INR amount in lakhs, unless otherwise stated)

27. Related party disclosures:

The list of related parties as identified by the management is as under:

Related parties where control exists

Holding Company:	Azure Power Global Limited
Key Managerial Personnel:	Mr. Ranjit Gupta (Chief Executive Officer and Director w.e.f July 18, 2019) Mr. Murali Subramanian (President w.e.f. July 18, 2019 till April 3, 2020 and Chief Operating Officer w.e.f. April 4, 2020) Mr. Pawan Kumar Agrawal (Chief Financial Officer with effect from March 15, 2019) Mr. Sanjeev Aggarwal (Director till October 5, 2020) Mr. Barney Sheppard Rush (Director) Mr. Arno Lockheart Harris (Director) Mr. Cyril Sabastien Dominique Cabanes (Director) Mr. Rajendra Prasad Singh (Director till August 19, 2020) Mr. Deepak Malhotra (Director w.e.f November 28, 2019) Mr. Inderpreet Singh Wadhwa (Director up till July 17, 2019) Mr. Harkanwal Singh Wadhwa (Director till March 30, 2020) Mr. Kapil Sharma (Company Secretary) Mr. Unnikrishnan Mangalath Sukumarapanicker (Nominee Director w.e.f. August 19, 2020) Ms. Supriya Prakash Sen (Director w.e.f. August 01, 2020)

Names of related parties with whom transactions have taken place during the year:

Holding Company:	Azure Power Global Limited
Fellow Subsidiary Company:	Azure Power Energy Limited Azure Power Solar Energy Private Limited Azure Power Rooftop Private Limited Azure Power Rooftop (Genco) Private Limited Azure Power Rooftop One Private Limited Azure Power Rooftop Two Private Limited Azure Power Rooftop Three Private Limited Azure Power Rooftop Four Private Limited Azure Power Rooftop Five Private Limited Azure Power Rooftop Eight Private Limited Azure Power Rooftop Nine Private Limited
Entity having significant influence:	International Finance Corporation
Associate Company:	Waaree Power Private Limited

(INR amount in lakhs, unless otherwise stated)

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

1. Transactions during the year

Nature of transaction	Key management personnel		Relative of key management personnel		Holding company/ Entity having significant influence		Fellow Subsidiary Company	
Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Expenditure incurred by company on behalf of								
Azure Power Global Limited	-	-	-	-	172	-	-	-
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	32
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	-	37
Azure Power Rooftop Three Private Limited	-	-	-	-	-	-	-	12
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	-	9
Azure Power Rooftop Five Private Limited	-	-	-	-	-	-	3	5
Azure Power Rooftop Eight Private Limited	-	-	-	-	-	-	1	11
Mr. Ranjit Gupta (Chief Executive Officer and Director)	2	32	-	-	-	-	-	-
Mr. Pawan Kumar Agrawal (Chief Financial Officer)	2	-	-	-	-	-	-	-
Mr. Murali Subramanian	2	-	-	-	-	-	-	-
Mr. Kapil Sharma (Company Secretary)	6	-	-	-	-	-	-	-
Mr. Inderpreet Singh Wadhwa (Former Director)	-	11	-	-	-	-	-	-
b) Expenditure incurred on behalf of company								
Azure Power Global Limited	-	-	-	-	-	1,666	-	-
Azure Power Rooftop Private Limited	-	-	-	-	-	-	84	490
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	2	-
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	1	-
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	1	-
Azure Power Rooftop Eight Private Limited	-	-	-	-	-	-	-	-
c) Sale of vehicle								
Mr. Inderpreet Singh Wadhwa (Former Director)	-	92	-	-	-	-	-	-
d) Professional services received								
Mr. Inderpreet Singh Wadhwa (Former Director)	-	270	-	-	-	-	-	-
e) Key managerial personnel Remuneration								
Mr. Ranjit Gupta (Director)	6,949	1,672	-	-	-	-	-	-
Mr. Murali Subramanian (President)	7,152	1,666	-	-	-	-	-	-
Mr. Pawan Kumar Agrawal (Chief Financial Officer)	360	460	-	-	-	-	-	-
Mr. Inderpreet Singh Wadhwa (Former Director)	-	1,061	-	-	-	-	-	-
Mr. Harkanwal Singh Wadhwa (Former Director)	-	567	-	-	-	-	-	-
Mr. Kapil Sharma (Company Secretary)	42	43	-	-	-	-	-	-

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(INR amount in lakhs, unless otherwise stated)

Nature of transaction	Key management personnel		Relative of key management personnel		Holding company/ Entity having significant influence		Fellow Subsidiary Company	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
h) Loan taken from related party								
Azure Power Solar Energy Private Limited	-	-	-	-	-	-	-	195,006
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	5
i) Interest expense on borrowings								
Azure Power Energy Limited	-	-	-	-	-	-	32,542	32,434
Azure Power Solar Energy Private Limited	-	-	-	-	-	-	26,048	4,561
Azure Power Rooftop Private Limited	-	-	-	-	-	-	16	16
International Finance Corporation	-	-	-	-	104	126	-	-
j) Loan provided to fellow subsidiary								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	5,247	13,357
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	838
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	-	714
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	-	22
k) Loan repaid by related party								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	2,055	12,234
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	1,159
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	-	718
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	11	11
l) Loan repaid to related party								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	4	-
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	1	-
International Finance Corporation	-	-	-	-	92	86	-	-
m) Interest income								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	472	529
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	55
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	-	18
Azure Power Rooftop Two Private Limited	-	-	-	-	-	-	-	-
Azure Power Rooftop Three Private Limited	-	-	-	-	-	-	-	-
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	1	1
n) Technical services rendered								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	-	1,861
o) Share capital issued (including securities premium)								
Azure Power Global Limited	-	-	-	-	-	54,136	-	-

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(INR amount in lakhs, unless otherwise stated)

Nature of transaction	Key management personnel		Relative of key management personnel		Holding company/ Entity having significant influence		Fellow Subsidiary Company	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
p) Corporate guarantees given								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	-	-
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	3,293
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	-	1,421
Azure Power Rooftop Three Private Limited	-	-	-	-	-	-	-	2,517
Azure Power Rooftop Five Private Limited	-	-	-	-	-	-	-	1,445
q) Corporate guarantees released								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	-	25,000

2. Balances outstanding at the end of the year

Nature of transaction	Key Management Personnel		Relative of Key Management Personnel		Holding company/ Entity having significant influence		Fellow Subsidiary Company	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
a). Receivable								
Azure Power Global Limited	-	-	-	-	6	-	-	-
Azure Power Rooftop Private Limited	-	-	-	-	-	-	3,645	3,736
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	34	35
Azure Power Rooftop Two Private Limited	-	-	-	-	-	-	2	2
Azure Power Rooftop Three Private Limited	-	-	-	-	-	-	31	31
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	5	5
Azure Power Rooftop Five Private Limited	-	-	-	-	-	-	8	5
Azure Power Rooftop Eight Private Limited	-	-	-	-	-	-	7	6
Azure Power Energy Limited	-	-	-	-	-	-	1	-
b). Payable								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	62	58
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	274	271
Azure Power Energy Limited	-	-	-	-	-	-	1	-
Azure Power Global Limited	-	-	-	-	669	745	-	-
Mr. Inderpreet Singh Wadhwa (Former Director) (refer note 37)	334	334	-	-	-	-	-	-

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(INR amount in lakhs, unless otherwise stated)

Nature of transaction	Key Management Personnel		Relative of Key Management Personnel		Holding company/ Entity having significant influence		Fellow Subsidiary Company	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
c). Loan from related party								
Azure Power Energy Limited	-	-	-	-	-	-	312,567	312,567
Azure Power Solar Energy Private Limited	-	-	-	-	-	-	241,755	241,755
Azure Power Rooftop Private Limited	-	-	-	-	-	-	150	150
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	-	5
International Finance Corporation	-	-	-	-	808	900	-	-
d). Interest payable on borrowings								
Azure Power Energy Limited	-	-	-	-	-	-	12,146	12,095
Azure Power Solar Energy Private Limited	-	-	-	-	-	-	6,671	13,394
Azure Power Rooftop Private Limited	-	-	-	-	-	-	56	20
International Finance Corporation	-	-	-	-	20	23	-	-
e). Loan to fellow subsidiary								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	6,218	3,026
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	-	11
f). Interest accrued on loans and advances								
Azure Power Rooftop Private Limited	-	-	-	-	-	-	389	15
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	3	3
Azure Power Rooftop Four Private Limited	-	-	-	-	-	-	1	-
g) Outstanding Corporate guarantees								
Azure Power Rooftop (Genco) Private Limited	-	-	-	-	-	-	6,571	6,571
Azure Power Rooftop One Private Limited	-	-	-	-	-	-	10,666	10,666
Azure Power Rooftop Three Private Limited	-	-	-	-	-	-	2,517	2,517
Azure Power Rooftop Five Private Limited	-	-	-	-	-	-	1,445	1,445

Note:

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. There have been no guarantees provided or received for any related party receivables or payables. 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.

The Company has given corporate guarantee to the banks and financial institutions in respect of loan taken by the fellow subsidiaries.

The amount reported above also includes Inter Company balances, classified as Asset held for sale.

Refer note 8.4, 12.1 and 15.1 for loan taken from and provided to the fellow subsidiaries.

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(INR amount in lakhs, unless otherwise stated)

28. Share-based payment

(I) Employee Stock Option Plans (ESOPs)
ESOPs are issued by Azure Power Global Limited (Holding Company) to the employees of the Company and some entities forming part of the Group. As per Ind AS 102, *Share-based Payment*, the Company adopts fair valuation model for calculating its expense under ESOP's. ESOP gives an employee a right to purchase equity shares of Azure Power Global Limited at exercise price.

Description of terms and conditions of grant

Method of valuation of grants
Ind AS 102 requires adoption of graded vesting mechanism. Accordingly the stock compensation expense is computed separately for each tranche. The fair value of the share options is estimated at the grant date using a Black Scholes option pricing Model taking into account the terms and conditions upon which the share options were granted considering the following inputs:-

Particulars	March 31, 2021	31-Mar-20
Exercise Price	1,466	918
Expected Volatility	33.95% - 45.6%	31.1% - 32.1%
Expected life of options granted in years	3.7 - 7.42	4.3 - 5.7
Dividend yield (%)	0%	0%
Risk-free Interest Rate	0.49% - 1.01%	0.47% - 0.62%

The details of activity have been summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year*	**870,065**	**756**	**1,493,237**	**726**
Granted during the year	443,772	1,466	25,760	918
Forfeited during the year	(75,837)	861	(531,716)	832
Exercised during the year	(545,212)	709	(117,216)	129
Converted from RSU**	10,920	-	-	-
Outstanding at the end of the year	**703,708**	**1,217**	**870,065**	**756**
Exercisable at the end of the year	231,712	852	601,636	727

** During the year, the Company has converted RSU issued to its Board members into Restricted Shares (RS) at the then current share price on the date of conversion to be settled into equity shares of the Company.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:
Incremental fair value recognized as an expense over the remaining period of service condition. In case of already vested options, incremental fair value recognized immediately. Any decrease in fair value of options is not accounted for.
The Group recognizes ESOP cost in the consolidated statement of profit and loss, except the cost of services which is initially capitalized by the Group as part of the cost of property, plant and equipment and corresponding increase in equity as a contribution from holding company.

	March 31, 2021	March 31, 2020
Expense arising from equity-settled share-based payment transactions	397	179
Amount of expense capitalized	44	103
Total increase in equity arising from equity-settled share-based payment transactions	441	282

(ii) Stock Appreciation Rights (SARs)

The Company granted incentive compensation in the form of Stock Appreciation Rights ("SARs"), as defined in the APGL 2016 Equity Incentive Plan, as amended in 2020, to its CEO and COO. The SARs have been granted in 3 tranches with maturity dates up to March 31, 2028.

The fair value of the share options is estimated at the grant date using a Black Scholes Option Pricing Model taking into account the terms and conditions upon which the SARs were granted considering the following inputs:-

	March 31, 2021	March 31, 2020
Exercise Price	2,056	752
Share price at measurement date (INR per share)	1,999	1,153
Expected Volatility	45.2% - 45.64%	27.06% - 34.43%
Expected life of SAR granted in years	3.71 – 5.21	4.0 – 7.3
Dividend yield (%)	0%	0%
Risk-free Interest Rate	0.63% - 1.01%	0.15% - 0.58%

The details of activity have been summarized below:

	As at March 31, 2021		As at March 31, 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	**1,970,000**	**752**	-	-
Granted during the year	80,000	2,056	1,970,000	752
Exercised during the year	(175,000)	722	-	-
Outstanding at the end of the year	**1,875,000**	**810**	**1,970,000**	**752**
Exercisable at the end of the year	417,500	757	350,000	722

Effect of the stock appreciation rights on the statement of profit and loss account and on its financial position:
The Group recognizes SAR cost in the consolidated statement of profit and loss, except the cost of services which is initially capitalized by the Group as part of the cost of property, plant and equipment and corresponding increase in liability for cash-settled shared-based payments.

	March 31, 2021	March 31, 2020
Expense arising from cash-settled share-based payment transactions	13,186	1,702
Amount of expense capitalized	-	1,030
Total amount of liability arising from cash settled share-based payment transactions	13,186	2,732

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29. Segment information

The Group activities mainly involve sale of electricity. Considering the nature of Group's 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 (as amended from time to time) and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The Group's principal operations, revenue and decision-making functions are located in India and there are no revenue and non-current assets outside India.

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of Power:		
National Thermal Power Corporation Limited	21,918	20,424
Solar Energy Corporation of India	33,518	24,071
Punjab State Power Corporation Limited	20,512	19,766
Gujarat Urja Vikas Nigam Limited	16,985	14,895

30. Contract balances
The following table provides information about trade receivables, contract assets and deferred revenue as at March 31, 2021 and March 31, 2020.

	March 31, 2021	March 31, 2020
Non current assets		
Contract assets	3,449	3,237
Current assets		
Trade receivables	48,831	46,367
Contract assets	61	61
Non current liabilities		
Deferred revenue	6,766	5,836

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

The Micro and Small Enterprises have been identified by the management from the available information, which has been relied upon by the auditors. On the basis of the information and records available with the management, following are outstanding dues to the Micro and Small Enterprises:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	2,318	987
Principal amount due to micro and small enterprises*	2,009	923
Interest due on above	309	64
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	309	64
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 payables of INR 1,222 lakhs (Previous year: INR 873 lakhs) relating to purchase of capital assets.

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32. Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

As per provision of Section 135 of the Companies Act, 2013, the Group has to spend at least 2% of the average profits of the preceding three financial years towards CSR. Accordingly, a CSR committee has been formed for carrying out the CSR activities as per Schedule VII of the Companies Act, 2013.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Gross amount required to be spent by the Company during the year	195	372
(ii) Amount approved by the Board to be spent during the year	195	372
(iii) Amount spent during the year on the following in cash 1. Construction / acquisition of any asset	195	372

33. Capitalization of expenditure (net)

During the year, the Group had capitalized the following expenses to the cost of fixed assets and construction in progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the respective companies under Group:-

Particulars	March 31, 2021	March 31, 2020
Salaries, wages and bonus	2,512	5,165
Finance cost*	3,239	6,865
Depreciation on right of use assets	881	803
Project development expenses	74	2,102
Legal and professional expenses	476	319
Security and supervision charges	122	148
Bank Charges	2,203	92
Management Fees	1,513	1,128
Travelling expenses	158	376
Insurance expenses	179	53
SCADA Monitoring	-	122
Land use rights	-	9
Other expenses	219	72
Interest income	(1,304)	(133)
Total	**10,272**	**17,122**

*Includes interest on lease liabilities amounting to INR 1,268 lakhs for the year ended March 31, 2021 (March 31, 2020: INR 1,162 lakhs).

34. Financial Guarantees

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its group Companies. In accordance with the policy of the Company, the Company has designated such guarantees as "Insurance Contracts". The Company has classified financial guarantees as Contingent Liabilities. Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts.

Company Name	As at March 31, 2021	As at March 31, 2020
Azure Power Rooftop (Genco) Private Limited	6,571	6,571
Azure Power Rooftop One Private Limited	10,666	10,666
Azure Power Rooftop Three Private Limited	2,517	2,517
Azure Power Rooftop Five Private Limited	1,445	1,445

Also refer note 27.

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35. Capital and other commitments

(i) The Group has commitments of INR 125,593 lakhs (net of advances) (March 31, 2020: INR 58,450 lakhs) for purchases of assets for the construction of solar power plants.

(ii) The Parent company and its subsidiaries have entered in to Power Purchase Agreement (PPA) with following parties:

Name of Authority	Agreement date	Rate	Period*
Torrent Power Limited	20-Apr-12	11.21 kw/h	25 Years
NTPC Vidyut Vyapar Nigam Limited	15-Oct-10	17.91 kw/h	25 Years
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years
Bangalore Electricity Supply Company	18-Jan-14	7.47 kw/h	25 Years
Gujarat Urja Vikas Nigam Limited	30-Apr-10	15 kw/h	12 Years
Gujarat Urja Vikas Nigam Limited	30-Apr-10	5 kw/h	13 Years
NTPC Vidyut Vyapar Nigam Limited	15-Oct-11	11.94 kw/h	25 Years
NTPC Vidyut Vyapar Nigam Limited	25-Jan-11	8.21 kw/h	25 Years
Bihar State Power (Holding) Company Limited	17-Jan-15	8.39 kw/h	25 Years
Solar Energy Corporation of India	5-Feb-15	5.45 kw/h	25 Years
Punjab State Corporation Limited	31-Mar-15	7.33 kw/h	25 Years
Punjab State Corporation Limited	31-Mar-15	7.19 kw/h	25 Years
Southern Power Distribution Company of Andhra Pradesh Limited	5-Dec-14	6.63 kw/h	25 Years
Gulbarga Electricity Supply Corporation Limited ,Kalaburgi	23-Jan-15	6.51 kw/h	25 Years
Hubli Electricity Supply Company Limited	9-Jan-15	6.51 kw/h	25 Years
Chamundeshwari Electricity Supply Corporation Limited	2-Jan-15	6.89 kw/h	25 Years
Orbits Resorts Limited (Oberoi Gurgaon)	28-May-15	6.5-8.24 kw/h	15 Years
EIH Limited (Oberoi Udaipur)	28-May-15	6.5-8.24 kw/h	15 Years
EIH Associates Hotels Limited (Trident Agra)	28-May-15	6.5-8.24 kw/h	15 Years
Orbits Resorts Limited (Trident Gurgaon)	28-May-15	6.5-8.24 kw/h	15 Years
EIH Associates Hotels Limited (Trident Udaipur)	28-May-15	6.5-8.24 kw/h	15 Years
Punjab State Corporation Limited Patiala	31-Mar-15	7.59 kw/h	25 Years
Punjab State Corporation Limited	3-Feb-16	5.62 kw/h	25 years
Punjab State Corporation Limited	3-Feb-16	5.63 kw/h	25 years
Punjab State Corporation Limited	3-Feb-16	5.64 kw/h	25 years
DLF Chennai	27-Jun-13	7.50 kw/h	25 Years
DLF Hyderabad	27-Jun-13	7.50 kw/h	25 Years
DLF Noida	3-Aug-13	7.50 kw/h	25 Years
DLF Kolkata	27-Jun-13	7.50 kw/h	25 Years
Gymkhana	4-Dec-14	6.50 kw/h	25 Years
Taj Sats	21-Apr-14	9.00 kw/h	25 Years
Solar Energy Corporation of India	28-Mar-14	5.45 kw/h	25 Years
Uttar Pradesh Power Corporation Ltd., Lucknow	27-Dec-13	8.99 kw/h	12 Years
Punjab State Power Corporation Ltd.	27-Dec-13	7.67 kw/h	25 Years
Punjab State Power Corporation Ltd.	27-Dec-13	7.97 kw/h	25 Years
Punjab State Power Corporation Ltd.	27-Dec-13	8.28 kw/h	25 Years
Solar Energy Corporation of India	14-Oct-15	5.43 kw/h	25 Years
Bangalore Electricity Supply Company	27-Sep-14	6.66 kw/h	25 Years
Chhattisgarh State Power Distribution Company Limited	1-Aug-14	6.44 kw/h	25 Years
NTPC Vidyut Vyapar Nigam Limited	19-Apr-16	5.12 kw/h	25 Years
Chhattisgarh State Power Distribution Company Limited	1-Sep-14	6.45 kw/h	25 Years
Chhattisgarh State Power Distribution Company Limited	15-Sep-14	6.46 kw/h	25 Years
NTPC Vidyut Vyapar Nigam Limited	29-Apr-16	4.78 kw/h	25 Years
The Green Energy Development Corporation of Odisha Limited	30-Jul-16	5.69 kw/h	25 Years
Ordnance Factory, Bhandra	3-May-16	5.50 kw/h	25 Years
Ordnance Factory, Ambajhari	3-May-16	5.31 kw/h	25 Years
Solar Energy Corporation of India Limited	21-Oct-16	4.43 kw/h	25 Years
Delhi Metro Rail Corporation Limited	19-Apr-16	5.55 kw/h	25 Years
Solar Energy Corporation of India Limited	26-Sep-16	4.43 kw/h	25 Years
NTPC Ltd. Scope Complex	10-Aug-16	4.67 kw/h	25 Years
Gujarat Urja Vikas Nigam Limited	24-Oct-17	2.67 kw/h	25 Years
Delhi Jal Board	21-Dec-16	4.94 kw/h	25 Years
Indian Railways	Apr-17	4.58-4.98 kw/h	25 Years
Solar Energy Corporation of India	27-Apr-18	2.48 kw/h	25 Years
Bangalore Electricity Supply Company Limited	20-Apr-18	2.93/kwh	25 Years
Hubli Electricity Supply Company Limited	20-Apr-18	2.93/kwh	25 Years
Maharashtra State Electricity Distribution Company Limited	30-Jul-18	2.72/kwh	25 Years
Assam Power Distribution Company Limited	25-Jun-18	3.17-3.70/kwh	25 Years
Solar Energy Corporation of India	31-Oct-18	2.53/kwh	25 Years
Solar Energy Corporation of India	17-Sep-19	2.58/kwh	25 Years
Solar Energy Corporation of India	27-Nov-19	2.54/kwh	25 Years

*The period starts from date of commissioning of the project.

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36. Leases

During the previous year effective April 01, 2019, the Group adopted Ind AS 116 "Leases" to all lease contracts existing on April 01, 2019 using the modified retrospective method. The adoption of new accounting standard resulted in recognition of ROU of INR 29,196 lakhs through recognition of Lease Liability of INR 27,513 lakhs thousands and reclassification of prepayments of INR 1,683 lakhs on April 01, 2019.

Group as lessee:

The Company and its subsidiaries leases land for construction of solar power plants. These leases typically run for 25-30 years which is further extendable on mutual agreement by both lessor and lessee. Additionally the Group leases land for building space to be used as corporate office. The period of the lease for the same is 9 years.

Information about the leases for which the Group is a lessee is presented below:

i) Right-of-use assets:

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Opening balance	36,217	29,196
Additions during the year	3,505	9,095
Lease modification during the year	(5,535)	-
Depreciation for the year#	(1,940)	(2,074)
Assets classified as held for sale	(1,433)	-
Closing balance	**30,814**	**36,217**

Including capitalization of INR 881 lakhs during the year (March 31, 2020: INR 888 lakhs)

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, 2021**	**For the year ended March 31, 2020**
Opening balance	36,249	27,513
Additions during the year	3,626	9,095
Lease modification during the year	(5,948)	-
Accretion of interest#	3,302	3,077
Payments	(3,304)	(3,436)
Closing balance ##	**33,926**	**36,249**

Including capitalization of INR 1,268 lakhs during the year (March 31, 2020: INR 1,162 lakhs)

Includes lease liabilities directly associated with assets classified as held for sale amounting to INR 1,476 lakhs. Refer note 48.

Particulars	**As at March 31, 2021**	**As at April 01, 2020**
Current	2,708	2,560
Non-current	29,742	33,689
Liabilities directly associated with assets classified as held for sale	1,476	-
Total	**33,926**	**36,249**

Below are the amounts recognized by the Group in the statement of profit and loss:

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Interest on lease liabilities	2,034	1,917
Depreciation of right-of-use assets	1,059	1,186
Net Gain on lease modification	413	-
Expenses relating to short-term leases	322	299
Total	**3,828**	**3,402**

Below is the amount recognized by the Group in the statement of cash flows:

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Total cash outflow for leases	3,304	3,436

Extension options:

Land leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only on mutual agreement. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group 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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37. Commitments and contingencies

a. Contingent liabilities:

Particulars	March 31, 2021	March 31, 2020
Guarantees, letter of credit and counter guarantees given by the Group	96,063	46,201

b. Pending litigations:

i) Some entities forming part of group have received demand for extension charges totaling INR 4,150 lakhs (March 31, 2020: INR 4,150 lakhs) for projects completed beyond the contractually agreed dates. The entity has filed an appeal against such demands and has received a stay order from the appellant authorities. The management believes the reason for delay were not attributable to the entity, based on advice from its legal advisors and the facts underlying the entity's position, and therefore management, believes that the entity will ultimately not be found liable for these assessments and has not accrued any amount with respect to these matters in its financial statements.

ii) During the previous year, the Company received a demand of INR 1,200 lakhs related to services tax assessment through July 31, 2017. The Company is contesting the demand and is confident that there should not be a tax outflow related to this claim.

iii) Azure Power Global Limited (holding Company) and our Company, are respondents in arbitration proceedings initiated by the former Chairman, CEO and Managing Director of the Company, Mr. Inderpreet Singh Wadhwa ("IW") and former COO Mr. H.S Wadhwa ("HSW"), in relation to the purchase price of the shares of IW's and HSW's in the Company. The arbitration is being conducted under the Singapore International Arbitration Centre (SIAC) Rules, with the seat of arbitration in Singapore. Management strongly believes in the merits of the case; however, an unfavorable outcome in these proceedings could potentially have a material adverse effect on the results of operations, cash flows and financial condition. As management believes it will be successful in the arbitration, the Company has not accrued any amount with respect to this arbitration in its consolidated financial statements.

iv) In addition, Azure Power Global Limited (Holding Company) and our Company, are respondents to arbitration proceedings initiated by IW in relation to his transition agreement. Azure Power Global Limited (Holding Company) and IW have filed claims and counter claims in relation to the matter in the arbitration. The Company continue to strongly believe in the merits of the case and is confident that the outcome will be favorable for the Company. The claim amount is not significant to the financial position of the Company. As management believes it will be successful in the arbitration, the Company has not accrued any amount with respect to this arbitration in its consolidated financial statements. The claim could have an adverse impact on our results however, the amount is not material to our financial position.

v) A civil suit was filed against it's subsidiary in relation to certain land parcels admeasuring around 8 acres of undivided land parcel of 47 acres (the entire land of 47 acres is referred to as "Suit land") out of around 3,300 acres of land for our SECI 600MW solar project in Rajasthan (the "Rajasthan 600MW Project"). The subsidiary has partially commissioned the project and is in the final stages of commissioning the remaining MWs. An Indian district court had issued a temporary restraining order in the civil suit requiring that status quo be maintained on the entire Suit Land. In the appeal filed by us against the said order, the high court has permitted the entity to undertake work on the land and has set aside the finding of the district court prohibiting undertaking work on the entire Suit Land, however, has asked the entity to maintain status quo only on 7.80 acres of land. If this order is further contested and the entity is unsuccessful in any subsequent appeal, it may adversely affect group business and results of operations. Further, in June 2021, a report was filed with a local police department making allegations against certain members of group management for trespass on the Suit Land. The said members of the management had taken appropriate legal actions to contest this report before the High Court. The High Court has disposed of the matter by taking on record the statement of the public prosecutor that a case closure report has been filed.

vi) In relation to the Group's 50 MWs project in Andhra Pradesh, the DISCOM Andhra Pradesh Distribution Company (APDC) issued a letter to the Group requesting the reduction of quoted tariff to INR 2.44 per unit as against the PPA rate of 5.89 per unit for solar projects from the date of commissioning and threatened termination of the PPA in case of refusal of the developers to accede to such reduction ("Letter"). The Group has challenged the Letter in the High Court at Vijayawada. The High Court vide its judgment dated September 24, 2019, whilst quashing the aforesaid Letter, directed DISCOM to approach the Andhra Pradesh Electricity Regulatory Commission ("APERC") for reduction of tariff by directing DISCOM to make payment of outstanding and future invoices at the "interim" rate of Rs. 2.44/- per unit, until the dispute is resolved by the APERC. Accordingly, the Group has filed writ petition challenging the judgment, whereby the Group has inter alia sought: (i) setting aside of the judgment to the limited extent of the direction to DICOMS to make payment at the "interim" rate of Rs. 2.44 per unit and the implied blessing granted by the High Court to approach the APERC for reduction of tariff; and (ii) quashing of all action undertaken by the respondents and/or restrain the respondents from taking any action seeking reduction of tariff under the concluded PPA and/or unilateral alternation of the terms of such PPA, pursuant to the directions in the judgment, including quashing the proceedings. The matter was scheduled to be listed in April 2020 for further arguments, however, the hearings have now been adjourned due to the COVID-19 pandemic and the consequent lockdown imposed by the Government of India. Based on a legal opinion obtained by management, the Group is invoicing and recognizing revenue as per the PPA rate since management has assessed that matter is likely to be decided in favor of the Group. Further, the Group has recognized allowance for doubtful debts on this receivable as per the expected credit loss model.

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38. Derivative instruments and hedging activities

Contract designated as cash flow hedge:

During financial year 2018-19 and 2019-20, the Company entered into buyer's credit facility amounting to US$ 228.01 Lakhs and US$ 345.80 Lakhs, respectively, at six months LIBOR plus 0.5% spread, for its 200 MW solar power project. The Company has taken USD/INR currency swap for its principal and interest payment. As per this swap arrangement, the Company pays fixed INR and receive USD and pays fixed interest ranging between 8.11% to 8.12%, for respective buyers' credit and receives a variable interest at six months LIBOR plus 0.5% on the US$ notional amount. The facility is repayable starting from September 2021 till April 2022. During the year, the Company has tested the effectiveness of the hedge relationship and the hedge was effective.

During financial year 2020-21, the Company took a long term borrowing amounting to US$ 930 Lakhs, at LIBOR plus margin of 3.95% and the loan is repayable in 8 half yearly instalments commencing November 2021.The funds were provided to project SPVs as shareholder loans or through other instrument for capital expenditure or for payment of capital expenditure in respect of various specified projects. The Company has taken US$ 930 Lakh currency swap for its principal and interest payment. As per this swap arrangement, the Company pays fixed INR and receive USD and pays fixed interest ranging between 9.10 to 10.20%, for these long term borrowing and receives a variable interest at six months LIBOR plus 3.95% on the US$ notional amount. During the year, the Company has tested the effectiveness of the hedge relationship and the hedge was effective.

The Group is exposed to changes in principal and interest cash flows on letter of credit discounted for buyer's credit and long term foreign currency borrowings to be settled in USD. The Group has entered into forward contracts to hedge its exposure to foreign currency risk and interest volatility risk.

Th risk management objective of the hedge arrangement is to reduce the variability in payment of foreign currency equivalent cash flows arising from repayment of principal and interest components. During the year, the group have tested the effectiveness of the hedge relationship and the hedge was effective.

The following table presents outstanding notional amount and balance sheet location information related foreign exchange derivate contracts as of March 31, 2021 and March 31, 2020.

Particulars	March 31, 2021	March 31, 2020
Notional Amount (USD denominated)	2,518	600
Non-current – Other financial assets (INR)	208	1,147
Current – Other financial assets (INR)	378	6,725
Non-current – Other financial liabilities (INR)	2,374	-
Current – Other financial liabilities (INR)	741	-

Contract designated as fair value hedge:

The Group hedged the exposure to fluctuations in the fair value of firm commitments denominated in foreign currency through forward exchange derivative contracts. Fair value adjustments related to non-financial instruments will be recognized in the hedged item upon recognition, and will eventually affect earnings as and when the hedged item is derecognized.

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

The foreign exchange derivative contracts mature generally over a period of 3 months – 9 months.

The Group documented each hedging relationship and assessed its initial effectiveness on inception date and the subsequent effectiveness was tested as determined at the time of inception of the contract. The hedge contracts were effective as of March 31, 2021.

The following table presents outstanding notional amount and balance sheet location information related to foreign exchange derivative contracts designated as fair value hedge as of March 31, 2021 and March 31, 2020.

Particulars	March 31, 2021	March 31, 2020
Notional Amount (USD denominated)	2,651	1,896
Current – Other financial assets (INR)	8,763	6,687
Current – Other financial liabilities (INR)	8,867	6,687
Non-Current – Other financial liabilities (INR)	2,374	-

Particulars of un-hedged foreign currency exposure as at March 31, 2021 and March 31, 2020:

Particulars	March 31, 2021		March 31, 2020	
	USD	INR	USD	INR
Borrowings	46.43	3,396	46.68	3,519
Trade payable	562.76	41,386	0.46	35

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39. Employee Benefits

(a) Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employee Provident Fund is deposited with the Regional Provident Fund Commissioner.

The Company has recognized INR 240 lakhs (previous year INR 326 lakhs) for provident fund contribution in the Statement of Profit and Loss. The contribution payable to the plan by the Company is at the rate specified in the rules to the scheme.

(b) Defined benefit plan
Gratuity and other post-employment benefits

The Company 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 recognized through reserve in the accounts of the company.

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

Profit & Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2021

Particular	Gratuity	
	March 31, 2021	March 31, 2020
Current service cost	104	124
Interest cost on benefit liability	22	29
Net benefit expense recognized in statement of profit and loss	**126**	**153**

Amount recognized in Other Comprehensive Income for the year ended March 31, 2021

Particular	Gratuity	
	March 31, 2021	March 31, 2020
Effect of change in financial assumptions	84	21
Effect of change in demographic assumptions	36	(7)
Experience (gains)/ losses	72	(12)
Actuarial loss recognized in the year	**192**	**2**

Balance Sheet:

Particular	Gratuity	
	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	493	309

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2021 are as follows:

Particular	Gratuity	
	March 31, 2021	March 31, 2020
Present value of obligation as at the beginning of the year	309	339
Current service cost *	104	124
Interest cost *	22	29
Re-measurement of actuarial loss *	192	2
Benefits paid	(134)	(171)
Acquisitions/Business Combinations/Divestitures	-	(14)
Present Value of Obligation as at the end of the year	**493**	**309**
Current Liability	**22**	**47**
Non-Current Liability	**471**	**262**

* Expenditure amounting to INR 141 Lakhs (March 31, 2020: INR 113 lakhs) has been capitalized. Refer note 33.

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

Particulars	31-Mar-21	31-Mar-20
Discount rate	7.03%	6.65%
Employee turnover rate	9.00%	12.00%
Withdrawal rate (per annum)	9.00%	12.00%
Salary Escalation Rate	10.00%	7.00%

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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(INR amount in lakhs, unless otherwise stated)

Amount for the current and previous four periods are as follows:-

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined benefit obligation	493	309	339	238	114
Plan assets	-	-	-	-	-
Surplus/(deficit)	(493)	(309)	(339)	(238)	(114)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

Sensitivity analysis	March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
Assumption	Discount rate		Discount rate	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	(44)	52	(23)	24

Sensitivity analysis	March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
Assumption	Salary Escalation Rate		Salary Escalation Rate	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Defined benefit obligation increased/(decreased) by	52	(45)	24	(21)

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 following payments are expected contributions to the defined benefit plan in future years:

Particular	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	23	48
Between 2 and 5 years	138	144
Between 5 and 10 years	238	212

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(INR amount in lakhs, unless otherwise stated)

40. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets carried at amortized cost				
Non-current security deposits	297	380	297	380
Non-current performance bank guarantee receivable	251	223	251	223
Non-current term deposits (including accrued interest)	47,595	58,917	47,595	58,917
	48,143	59,520	48,143	59,520
Financial assets measured at fair value *				
Derivative instruments at fair value through other comprehensive income	208	1,147	208	1,147
Total	208	1,147	208	1,147
Financial liabilities carried at fair value *				
Derivative instruments at fair value through other comprehensive income	2,374	-	2,374	-
Cash-settled share-based payments at fair value through profit and loss(including current portion)****	12,177	2,732	12,177	2,732
Total	14,551	2,732	14,551	2,732
Financial liabilities carried at amortized cost				
Term loans from banks - In Indian currency **	19,724	41,032	19,724	41,032
Term loans from financial institution - In Indian currency**	174,488	83,676	171,718	80,374
Term loans from financial institutions - In foreign currency **	53,060	31,379	53,060	33,761
Foreign currency loan from bank **	58,093	45,395	58,093	45,395
External commercial borrowings ***	204,867	204,867	212,693	211,954
Non-convertible debenture ***	330,479	341,664	389,796	345,279
Non-current loans from fellow subsidiaries ***	46,899	46,749	47,766	48,728
Total	887,610	794,762	952,850	806,523

The management assessed that the fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, performance guarantee receivables, unbilled revenue, viability gap funding receivable (VGF), security deposits received, current borrowings, receivable/payable from/to subsidiaries/fellow subsidiaries, loan to subsidiaries/fellow subsidiaries, trade payables, other payables, derivative asset/liability and security deposits paid approximates 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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The following methods and assumptions were used to estimate the fair values:
Measured at fair value:
* The Group 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 Group 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 amortized cost:
** Fair value of long-term loan having floating rate of interest approximate the carrying amount of those loans as there was no significant change in the Group's own credit risk during the current year. Unamortised cost of borrowing has been adjusted with the closing balance of borrowings at the reporting date. Further, these amount also includes current portion of long term debt.

*** The fair values of the interest-bearing borrowings and loans of the Group are determined by using Discounted Cash Flow (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, 2021 was assessed to be insignificant. Unamortised cost of borrowing has been adjusted with the closing balance of borrowings at the reporting date. Further, these amount also includes current portion of long term debt.

**** Fair value of cash-settled share based payment is based on valuation as on reporting date.

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(INR amount in lakhs, unless otherwise stated)

41. Fair Value Hierarchy

Quantitative disclosures fair value measurement hierarchy for financial instruments as at March 31, 2021:

	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets carried at amortised cost:				
Non-current security deposits	297	-	297	-
Non-current performance bank guarantee receivable	251	-	251	-
Non-current term deposits (including accrued interest)	47,595	-	47,595	-
Total	**48,143**	-	**48,143**	-
Financial assets measured at fair value:				
Derivative instruments at fair value through other comprehensive income	208	-	208	-
Total	**208**	-	**208**	-
Financial liabilities carried at fair value				
Derivative instruments at fair value through other comprehensive income	2,374	-	2,374	-
Derivative instruments at fair value through profit and loss	-	-	-	-
Cash-settled share-based payments at fair value through profit and loss(including current portion)	12,177	-	12,177	-
	14,551	-	**14,551**	-
Financial liabilities carried at amortised cost				
Term Loans from Banks - In Indian Currency	19,724	-	19,724	-
Term Loans from financial institution - In Indian Currency	171,718	-	171,718	-
Term Loans from financial institutions - In Foreign Currency	53,060	-	53,060	-
Term Loans from bank - In Foreign Currency	58,093	-	58,093	-
External commercial borrowings	212,693	-	212,693	-
Non-Convertible Debenture	389,796	-	389,796	-
Non-current loans from fellow subsidiaries	47,766	-	47,766	-
Total	**952,850**	-	**952,850**	-

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

Quantitative disclosures fair value measurement hierarchy for financial instruments as at March 31, 2020:

	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets carried at amortised cost:				
Non-current security deposits	380	-	380	-
Non-current performance bank guarantee receivable	223	-	223	-
Non-current term deposits (including accrued interest)	58,917	-	58,917	-
Total	**59,520**	-	**59,520**	-
Financial assets measured at fair value:				
Derivative instruments at fair value through other comprehensive income	1,147	-	1,147	-
Total	**1,147**	-	**1,147**	-
Financial liabilities carried at fair value				
Cash-settled share-based payments at fair value through profit and loss(including current portion)	2,732	-	2,732	-
	2,732	-	**2,732**	-
Financial liabilities carried at amortised cost				
Term Loans from Banks - In Indian Currency	41,032	-	41,032	-
Term Loans from financial institution - In Indian Currency	80,374	-	80,374	-
Term Loans from financial institutions - In Foreign Currency	33,761	-	33,761	-
Term Loans from bank - In Foreign Currency	45,395	-	45,395	-
External commercial borrowings	211,954	-	211,954	-
Non-Convertible Debenture	345,279	-	345,279	-
Non-current loans from fellow subsidiaries	48,728	-	48,728	-
Total	**806,523**	-	**806,523**	-

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

The management assessed that the fair value of cash and cash equivalents, term deposits, interest accrued on term deposits, other bank balances, trade receivables, performance guarantee receivables, unbilled revenue, viability gap funding receivable (VGF), security deposits received, current borrowings, receivable/payable from/to subsidiaries/fellow subsidiaries, loan to subsidiaries/fellow subsidiaries, trade payables, other payables, derivative asset/liability and security deposits paid approximates their carrying amounts largely due to the short-term maturities of these instruments.

(INR amount in lakhs, unless otherwise stated)

42. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other financial assets.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized 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 three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020:

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Financial instruments comprise of non-convertible debentures, loans to/from related parties which are fixed interest bearing whereas term loans from banks/financial institution are both fixed and floating interest bearing. Remaining financial assets and liabilities are non-interest bearing.

The exposure of the Company's financial instruments as at March 31, 2021 to interest rate risk is as follows:

As at March 31, 2021	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	-	148,587	77,329	**225,916**
Financial liabilities	276,891	700,151	129,815	**1,106,857**

The exposure of the Company's financial instruments as at March 31, 2020 to interest rate risk is as follows:

As at March 31, 2020	Floating rate financial instruments	Fixed rate financial instruments	Non-interest bearing	Total
Financial assets	-	123,933	85,215	**209,148**
Financial liabilities	165,421	639,244	97,429	**902,094**

Interest Rate Sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial liabilities. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points		Effect on profit before tax March 31, 2021		Effect on profit before tax March 31, 2020
INR	+/(-)50	(-)/+	1,384	(-)/+	827

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

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 Group is exposed to foreign currency risk arising from changes in foreign exchange rates on foreign currency loan, derivative financial instruments and operating payables/receivables. The Group 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 US$ as of March 31, 2021 and March 31, 2020:

	As at March 31, 2021	As at March 31, 2020
Borrowings		
Foreign currency loan from financial institutions and banks	111,153	76,774
Trade payable	41,386	35
Advance to vendors	-	18

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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 Group's profit before tax is due to changes in the fair value of monetary liabilities. The Group's exposure to foreign currency changes for all other currencies is not not material.

	Change in USD rate		March 31, 2021		March 31, 2020
Effect on profit before tax	+/(-)5%	(-)/+	7,627	(-)/+	3,841

The following table analyses foreign currency risk from financial instruments relating to Euro as of March 31, 2021 and March 31, 2020:

	As at March 31, 2021	As at March 31, 2020
Advance to vendors	20	9

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in Euro/INR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary liabilities. The Group's exposure to foreign currency changes for all other currencies is not not material.

	Change in Euro rate		March 31, 2021		March 31, 2020
Effect on profit before tax	+/(-)5%	(-)/+	(1)	(-)/+	-

As the 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.

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

Movement in expected credit loss on trade receivables during the year :

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	2,448	371
Changes in allowance for expected credit loss:		
Additional provision (net) towards credit impaired receivables	2,947	2,388
Provision written back during the year	(519)	(311)
Bad debts written off during the year	(77)	-
Closing balance	**4,799**	**2,448**

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

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Liquidity risk

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

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2021				
Non-current borrowings*	226,681	862,585	231,509	1,320,775
Lease liabilities	2,956	12,705	83,512	99,173
Current borrowings	89,432	-	-	89,432
Trade payables	10,112	-	-	10,112
Other financial liabilities	50,889	13,531	-	64,420
	380,070	**888,821**	**315,021**	**1,583,912**
As at March 31, 2020				
Non-current borrowings*	101,893	855,595	180,797	1,138,285
Lease liabilities	3,574	15,387	84,472	103,433
Current borrowings	9,903	-	-	9,903
Trade payables	9,416	-	-	9,416
Other financial liabilities	49,759	2,005	-	51,764
	174,545	**872,987**	**265,269**	**1,312,801**

*Including interest on non-current borrowings

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43. The Parent company undertakes Engineering, Procurement and Construction (EPC) & Operations & Management (O&M) contracts for its subsidiaries which are engaged in setting up and operating solar power plants. As per the requirements of Ind AS, 110, *Consolidated Financial Statements*, the profits on such inter-Group transactions are eliminated while presenting these consolidated financial statements. As per management, the cash generated by the business is better reflected as per information below:

	March 31, 2021 INR	March 31, 2020 INR
Operating profit before tax		
Loss before tax	(42,055)	(38,695)
Adjustments		
Depreciation/amortization	57,305	50,906
Impairment loss	7,565	-
Exchange difference (net)	15	3,934
Provision for expected credit losses	2,870	3,091
Finance cost	96,582	91,115
Share-based payment expense	13,583	1,881
Interest income including net gain on sale of current investments and liabilities written back	(5,961)	(6,289)
Other items as per cash flow statement	(1,023)	(162)
	128,881	**105,781**
Add:- Inter-segment elimination for current year as per Ind AS 110	165	7,087
Total	**129,046**	**112,868**
Revenue from operations		
Revenue from operations	150,021	130,242
Add:- Intersegment operating income eliminated as per Ind AS 110		
-EPC income	923	81,105
-Management Fee	9,707	6,873
-O&M Income	-	3,799
Total	**160,651**	**222,019**
Comprehensive Loss after tax		
Comprehensive Loss after tax attributable to Equity holders of the parent	**(36,497)**	**(24,684)**
Add:- Inter-segment elimination for current year as per Ind AS 110		
-EPC profits	165	7,087
Total	**(36,332)**	**(17,597)**
Total Equity	**191,510**	**227,961**
Add:- Elimination for current year as per Ind AS 110	165	7,087
Add:- Elimination for previous years as per Ind AS 110	122,467	115,380
Total	**314,142**	**350,428**
Property, plant and equipment		
Gross Block	1,100,780	962,508
Add:- Elimination as per Ind AS 110	165	12,550
Add:- Elimination for previous years as per Ind AS 110	122,817	110,267
Total	**1,223,762**	**1,085,325**
Net Block	906,630	827,242
Add:- Elimination for current year as per Ind AS 110	165	6,454
Add:- Elimination for previous years as per Ind AS 110	100,881	94,427
Total	**1,007,676**	**928,123**

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44. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other current financial liabilities, less cash and cash equivalents.

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Borrowings*	977,042	794,762
Trade payables and other current financial liabilities**	83,834	59,175
Less: Cash and cash equivalents***	(108,594)	(90,425)
Net debts	**952,282**	**763,512**
Equity	**191,510**	**227,961**
Total Capital	**191,510**	**227,961**
Capital and net debt	**1,143,792**	**991,473**
Gearing ratio (%)	**83.26%**	**77.01%**

* The group has adjusted the inter-group borrowings to/from holding company and fellow subsidiary in borrowings.
** Also refer note 8.1, the Group has trade receivables of INR 48,381 lakhs as at March 31, 2021 (March 31, 2020: INR 46,367 lakhs). Which will be coverted into cash.
*** This includes other bank balances, which the group has invested in term deposits.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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45. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Country of Incorporation /Principal place of business	% equity interest	
		March 31, 2021	March 31, 2020
Subsidiaries			
Azure Power (Punjab) Private Limited	India	100%	99.99%
Azure Power (Haryana) Private Limited	India	99.17%	99.17%
Azure Solar Private Limited	India	100%	99.99%
Azure Power (Rajasthan) Private Limited	India	100%	99.99%
Azure Solar Solutions Private Limited	India	100%	99.99%
Azure Sun Energy Private Limited	India	100%	99.99%
Azure Urja Private Limited	India	100%	99.99%
Azure Surya Private Limited	India	100%	99.99%
Azure Power (Karnataka) Private Limited	India	100%	99.99%
Azure Photovoltaic Private Limited	India	100%	99.99%
Azure Power Infrastructure Private Limited	India	100%	99.99%
Azure Power (Raj.) Private Limited	India	100%	99.99%
Azure Green Tech Private Limited	India	100%	99.99%
Azure Renewable Energy Private Limited	India	100%	99.99%
Azure Clean Energy Private Limited	India	100%	99.99%
Azure Sunrise Private Limited	India	100%	99.99%
Azure Sunlight Private Limited	India	100%	99.99%
Azure Sunshine Private Limited	India	100%	99.99%
Azure Power Earth Private Limited	India	100%	99.99%
Azure Power Eris Private Limited	India	100%	99.99%
Azure Power Jupiter Private Limited	India	51.01%	51.01%
Azure Power Makemake Private Limited	India	100%	99.99%
Azure Power Mars Private Limited	India	100%	99.99%
Azure Power Mercury Private Limited	India	100%	99.99%
Azure Power Pluto Private Limited	India	100%	99.99%
Azure Power Uranus Private Limited	India	100%	99.99%
Azure Power Venus Private Limited	India	100%	99.99%
Azure Power Saturn Private Limited	India	100%	99.99%
Azure Power Thirty Three Private Limited	India	100%	99.99%
Azure Power Thirty Four Private Limited	India	100%	99.99%
Azure Power Thirty Five Private Limited	India	100%	99.99%
Azure Power Thirty Six Private Limited	India	100%	99.99%
Azure Power Thirty Seven Private Limited	India	99.84%	99.84%
Azure Power Thirty Eight Private Limited	India	100%	99.99%
Azure Power Thirty Nine Private Limited	India	100%	99.99%
Azure Power Forty Private Limited	India	100%	99.99%
Azure Power Forty One Private Limited	India	100%	99.99%
Azure Power Forty Two Private Limited	India	100%	99.99%
Azure Power Forty Three Private Limited	India	100%	99.99%
Azure Power Forty Four Private Limited	India	100%	99.99%
Azure Power Forty Five Private Limited*	India	100%	99.99%
Azure Power Forty Six Private Limited	India	100%	99.99%
Azure Power Forty Seven Private Limited*	India	100%	99.99%
Azure Power Forty Eight Private Limited*	India	100%	99.99%
Azure Power Forty Nine Private Limited*	India	100%	99.99%
Azure Power Fifty Private Limited*	India	100%	99.99%
Azure Power Fifty One Private Limited	India	100%	99.99%
Azure Power Fifty Two Private Limited	India	100%	99.99%
Azure Power Fifty Three Private Limited	India	100%	99.99%
Azure Power Fifty Four Private Limited	India	100%	99.99%
Azure Power Green Private Limited*	India	100%	99.99%
Azure Power Maple Private Limited	India	100%	99.99%
Azure Power Fifty Five Private Limited	India	100%	-
Azure Power Fifty Six Private Limited	India	100%	-
Azure Power Fifty Seven Private Limited	India	100%	-
Azure Power Fifty Eight Private Limited	India	100%	-
Azure Power US Inc.	United States of America	100%	100.00%

Information about associates

The consolidated financial statements of the Group includes associate listed in the table below:

Name	Country of Incorporation /Principal place of business	% equity interest	
		March 31, 2021	March 31, 2020
Waaree Power Private Limited	India	26.00%	26.00%

The holding company

The holding Company of Azure Power India Private Limited is Azure Power Global Limited which is based in Mauritius.

* During the previous year application had been made to the Registrar of Companies (ROC) for striking off the names of these entites from the register of companies maintained by ROC, approval for the same has been received subseuent to March 31, 2021.

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46. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, 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 Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

(i) Revenue from Viability Gap Funding (VGF)

The Group records the proceeds received from Viability Gap Funding (VGF) on fulfilment of the underlying conditions as deferred revenue. Such deferred VGF revenue is recognized as sale of power in proportion to the actual sale of solar energy 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

(ii) Classification of leases

The Company 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 Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company 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 Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company 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 Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company 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.

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 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 Group. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

(ii) Taxes

Projects of 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 Group generates power ("Tax Holiday Period"), however, the exemption is only available to the projects completed on or before March 31, 2017. The Group anticipates that it will claim the aforesaid deduction in the last ten years out of fifteen years beginning with the year in which the Group generates power and when it has taxable income. Accordingly, its current operations are taxable at the normally applicable tax rates. Due to the Tax Holiday Period, a substantial portion of the temporary differences between the book and tax basis of the Group's assets and liabilities do not have any tax consequences as they are expected to reverse within the Tax Holiday period.

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(iii) Estimation of Defined Benefit Obligation

The cost of the defined benefit obligation and the present value of the defined benefit 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 complexity of 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.

In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 39.

(iv) Provision for decommissioning

The Group has recognized 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, 2021 is INR 8,109 lakhs (March 31, 2020: INR 7,407 lakhs). The Group estimates that the costs would be settled upon the expiration of the lease and calculates the provision using the discounted cash flow method based on the following assumptions:

- Estimated range of cost per megawatt– INR 3.9 lakhs to 4.5 lakhs (March 31, 2020 - INR 3.5 lakhs to 5.5 lakhs)
- Discount rate – 6.9% p.a. (March 31, 2020: 6.9% p.a.)

(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 discounted cash flow 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.

(vi) Depreciation on property, plant and equipment

As per the legal opinion obtained by the Group, it is regulated under the Electricity Act, 2003 accordingly as per the provision to section 129 of Companies Act, 2013, deprecation has to be charged as per the rates notified by the CERC Regulation.
Depreciation on other fixed assets of the Group is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has re-estimated useful lives and residual values of all its property, plant and equipment. The management 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, believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

(vii) Impairment of non-financial assets

The Group assess, at each reporting date, 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 Group estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (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 group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and 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 price for publicly traded companies or other available fair valuation indicators.

(viii) 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 Company 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 Company 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 Company 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 Company 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.

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47. Additional information as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as subsidiary company:

For the year ended March 31, 2021

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in Profit/(loss)		Share in Other Comprehensive income/(loss)		Share in Total Comprehensive income/(loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income/(loss)	Amount	As a % of consolidated total comprehensive income/(loss)
Parent								
Azure Power India Private Limited	373,485	195.02%	2,666	(9.41%)	796	86.15%	3,462	(9.38%)
Indian Subsidiaries								
Azure Power (Punjab) Private Limited	1,052	0.55%	41	(0.15%)	-	0.00%	41	(0.11%)
Azure Power (Haryana) Private Limited	571	0.30%	15	(0.05%)	-	0.00%	15	(0.04%)
Azure Solar Private Limited	(195)	(0.10%)	(1,828)	6.45%	-	0.00%	(1,828)	4.95%
Azure Power (Rajasthan) Private Limited	(705)	(0.37%)	616	(2.17%)	-	0.00%	616	(1.67%)
Azure Solar Solutions Private Limited	642	0.34%	383	(1.35%)	(7)	(0.73%)	376	(1.02%)
Azure Sun Energy Private Limited	431	0.22%	45	(0.16%)	-	0.00%	45	(0.12%)
Azure Urja Private Limited	6,266	3.27%	969	(3.42%)	-	0.00%	969	(2.63%)
Azure Surya Private Limited	3,195	1.67%	486	(1.72%)	-	0.00%	486	(1.32%)
Azure Power (Karnataka) Private Limited	1,649	0.86%	154	(0.55%)	-	0.00%	154	(0.42%)
Azure Photovoltaic Pvt Ltd	5,800	3.03%	114	(0.40%)	-	0.00%	114	(0.31%)
Azure Power Infrastructure Pvt Ltd	9,899	5.17%	(312)	1.10%	-	0.00%	(312)	0.85%
Azure Power (Raj.) Pvt Ltd	7,718	4.03%	(504)	1.78%	-	0.00%	(504)	1.37%
Azure Green Tech Private Limited	5,132	2.68%	417	(1.47%)	-	0.00%	417	(1.13%)
Azure Renewable Energy Pvt Ltd	786	0.41%	(9)	0.03%	-	0.00%	(9)	0.02%
Azure Clean Energy Pvt Ltd	6,945	3.63%	751	(2.65%)	-	0.00%	751	(2.04%)
Azure Sun Rise Pvt Ltd	(94)	(0.05%)	(4,921)	17.38%	-	0.00%	(4,921)	13.34%
Azure Sun Light Pvt Ltd	431	0.23%	83	(0.29%)	-	0.00%	83	(0.22%)
Azure Sunshine Pvt Ltd	2,734	1.43%	341	(1.20%)	-	0.00%	341	(0.92%)
Azure Power Earth Private Limited	11,832	6.18%	(3,103)	10.96%	-	0.00%	(3,103)	8.41%
Azure Power Eris Private Limited	1,955	1.02%	158	(0.56%)	-	0.00%	158	(0.43%)
Azure Power Jupiter Private Limited	3,217	1.68%	(474)	1.67%	-	0.00%	(474)	1.28%
Azure Power Makemake Private Limited	7,650	3.99%	254	(0.90%)	-	0.00%	254	(0.69%)
Azure Power Mars Private Limited	805	0.42%	(115)	0.40%	-	0.00%	(115)	0.31%
Azure Power Mercury Private Limited	1,422	0.74%	32	(0.11%)	-	0.00%	32	(0.09%)
Azure Power Pluto Private Limited	17,219	8.99%	(187)	0.66%	-	0.00%	(187)	0.51%
Azure Power Uranus Private Limited	570	0.30%	28	(0.10%)	-	0.00%	28	(0.07%)
Azure Power Venus Private Limited	2,291	1.20%	(588)	2.08%	-	0.00%	(588)	1.59%
Azure Power Saturn Private Limited	3,356	1.75%	260	(0.92%)	-	0.00%	260	(0.70%)
Azure Power Thirty Three Private Limited	23,349	12.19%	(7,808)	27.58%	-	0.00%	(7,808)	21.16%
Azure Power Thirty Four Private Limited	11,779	6.15%	(503)	1.78%		0.00%	(503)	1.36%
Azure Power Thirty Five Private Limited	-	0.00%	(1)	0.00%		0.00%	(1)	0.00%
Azure Power Thirty Six Private Limited	4,284	2.24%	(519)	1.83%	-	0.00%	(519)	1.41%

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Notes to consolidated financial statements for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in Profit/(loss)		Share in Other Comprehensive income/(loss)		Share in Total Comprehensive income/(loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income/(loss)	Amount	As a % of consolidated total comprehensive income/(loss)
Azure Power Thirty Seven Private Limited	13,436	7.02%	(492)	1.74%	-	0.00%	(492)	1.33%
Azure Power Thirty Eight Private Limited	3,355	1.75%	249	(0.88%)	-	0.00%	249	(0.68%)
Azure Power Thirty Nine Private Limited	558	0.29%	(3)	0.01%	-	0.00%	(3)	0.01%
Azure Power Forty Private Limited	12,749	6.66%	(215)	0.76%	-	0.00%	(215)	0.58%
Azure Power Forty One Private Limited	28,940	15.11%	35	(0.12%)	-	0.00%	35	(0.09%)
Azure Power Forty Two Private Limited	3	0.00%	(1)	0.00%	-	0.00%	(1)	0.00%
Azure Power Forty Three Private Limited	38,536	20.12%	(172)	0.61%	135	14.60%	(37)	0.10%
Azure Power Forty Four Private Limited	3,934	2.05%	(370)	1.31%	-	0.00%	(370)	1.00%
Azure Power Forty Five Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Forty Six Private Limited	4,301	2.25%	(1,337)	4.72%	-	0.00%	(1,337)	3.62%
Azure Power Forty Seven Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Forty Eight Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Forty Nine Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Fifty One Private Limited	26	0.01%	(4)	0.01%	-	0.00%	(4)	0.01%
Azure Power Fifty Two Private Limited	30	0.02%	(1)	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Three Private Limited	10	0.01%	(1)	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Four Private Limited	-	0.00%	(1)	0.00%	-	0.00%	-	0.00%
Azure Power Green Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Maple Private Limited	5,144	2.69%	30	(0.10%)	-	0.00%	30	(0.08%)
Azure Power Fifty Five Private Limited	-	0.00%	(1)	0.00%	-	0.00%	(1)	0.00%
Azure Power Fifty Six Private Limited	-	0.00%	(1)	0.00%	-	0.00%	(1)	0.00%
Azure Power Fifty Seven Private Limited	-	0.00%	(1)	0.00%	-	0.00%	(1)	0.00%
Azure Power Fifty Eight Private Limited	-	0.00%	(1)	0.00%	-	0.00%	-	0.00%
Subsidiaries incorporated outside India								
Azure Power US Inc.	4,482	2.34%	91	(0.32%)	-	0.00%	91	-0.25%
	630,975	**329.47%**	**(15,253)**	**53.87%**	**924**	**100.02%**	**(14,326)**	**38.83%**
Adjustments arising out of consolidation	(440,949)	(230.25%)	(13,062)	46.13%	(0)	-0.02%	(22,171)	60.10%
Consolidated Net Assets/ Profit after tax	**190,026**	**99.23%**	**(28,315)**	**100.00%**	**924**	**100.00%**	**(36,497)**	**98.93%**
Non controlling interest	**1,484**	**0.77%**					(396)	1.07%
Associate (Investment as per equity method)								
Waaree Power Private Limited	-	0.00%					-	0.00%
Total	**191,510**	**100.00%**					**(36,893)**	**100.00%**

(INR amount in lakhs, unless otherwise stated)

For the year ended March 31, 2020

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in Profit/(loss)		Share in Other Comprehensive income/(loss)		Share in Total Comprehensive income/(loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income/(loss)	Amount	As a % of consolidated total comprehensive income/(loss)
Parent								
Azure Power India Private Limited	371,034	162.76%	(1,673)	6.74%	488	100.00%	(1,184)	4.66%
Indian Subsidiaries								
Azure Power (Punjab) Private Limited	1,011	0.44%	50	(0.20%)	-	0.00%	50	(0.20%)
Azure Power (Haryana) Private Limited	556	0.24%	(592)	2.38%	-	0.00%	(592)	2.33%
Azure Solar Private Limited	1,633	0.72%	(2,947)	11.87%	-	0.00%	(2,947)	11.60%
Azure Power (Rajasthan) Private Limited	(1,321)	(0.58%)	(920)	3.70%	-	0.00%	(920)	3.62%
Azure Solar Solutions Private Limited	259	0.11%	(152)	0.61%	-	0.00%	(152)	0.60%
Azure Sun Energy Private Limited	385	0.17%	(53)	0.21%	-	0.00%	(53)	0.21%
Azure Urja Private Limited	5,297	2.32%	(62)	0.25%	-	0.00%	(62)	0.24%
Azure Surya Private Limited	2,709	1.19%	292	(1.18%)	-	0.00%	292	(1.15%)
Azure Power (Karnataka) Private Limited	1,495	0.66%	48	(0.19%)	-	0.00%	48	(0.19%)
Azure Photovoltaic Pvt Ltd	5,686	2.49%	(263)	1.06%	-	0.00%	(263)	1.04%
Azure Power Infrastructure Pvt Ltd	10,211	4.48%	127	(0.51%)	-	0.00%	127	(0.50%)
Azure Power (Raj.) Pvt Ltd	8,222	3.61%	388	(1.56%)	-	0.00%	388	(1.53%)
Azure Green Tech Private Limited	4,715	2.07%	470	(1.89%)	-	0.00%	470	(1.85%)
Azure Renewable Energy Pvt Ltd	795	0.35%	(1,304)	5.25%	-	0.00%	(1,304)	5.14%
Azure Clean Energy Pvt Ltd	6,193	2.72%	857	(3.45%)	-	0.00%	857	(3.38%)
Azure Sun Rise Pvt Ltd	4,827	2.12%	(2,954)	11.90%	-	0.00%	(2,954)	11.63%
Azure Sun Light Pvt Ltd	349	0.15%	(15)	0.06%	-	0.00%	(15)	0.06%
Azure Sunshine Pvt Ltd	2,394	1.05%	271	(1.09%)	-	0.00%	271	(1.07%)
Azure Power Earth Private Limited	14,935	6.55%	(2,144)	8.63%	-	0.00%	(2,144)	8.44%
Azure Power Eris Private Limited	1,797	0.79%	(73)	0.29%	-	0.00%	(73)	0.29%
Azure Power Jupiter Private Limited	3,691	1.62%	(1,438)	5.79%	-	0.00%	(1,438)	5.66%
Azure Power Makemake Private Limited	7,396	3.24%	(192)	0.77%	-	0.00%	(192)	0.76%
Azure Power Mars Private Limited	920	0.40%	15	(0.06%)	-	0.00%	15	(0.06%)
Azure Power Mercury Private Limited	1,391	0.61%	(165)	0.67%	-	0.00%	(165)	0.65%
Azure Power Pluto Private Limited	17,406	7.64%	663	(2.67%)	-	0.00%	663	(2.61%)
Azure Power Uranus Private Limited	542	0.24%	(294)	1.18%	-	0.00%	(294)	1.16%
Azure Power Venus Private Limited	2,879	1.26%	(982)	3.95%	-	0.00%	(982)	3.87%
Azure Power Saturn Private Limited	3,096	1.36%	(293)	1.18%	-	0.00%	(293)	1.15%
Azure Power Thirty Three Private Limited	31,157	13.67%	(4,618)	18.60%	-	0.00%	(4,618)	18.18%
Azure Power Thirty Four Private Limited	12,282	5.39%	(3,580)	14.42%	-	0.00%	(3,580)	14.10%
Azure Power Thirty Five Private Limited	(4)	(0.00%)	(2)	0.01%	-	0.00%	(2)	0.01%
Azure Power Thirty Six Private Limited	4,803	2.11%	(635)	2.56%	-	0.00%	(635)	2.50%
Azure Power Thirty Seven Private Limited	13,927	6.11%	(754)	3.04%	-	0.00%	(754)	2.97%
Azure Power Thirty Eight Private Limited	3,106	1.36%	(744)	3.00%	-	0.00%	(744)	2.93%
Azure Power Thirty Nine Private Limited	561	0.25%	(4)	0.02%	-	0.00%	(4)	0.02%

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

(INR amount in lakhs, unless otherwise stated)

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in Profit/(loss)		Share in Other Comprehensive income/(loss)		Share in Total Comprehensive income/(loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income/(loss)	Amount	As a % of consolidated total comprehensive income/(loss)
Azure Power Forty Private Limited	12,964	5.69%	(84)	0.34%	-	0.00%	(84)	0.33%
Azure Power Forty One Private Limited	28,911	12.68%	(50)	0.20%	-	0.00%	(50)	0.20%
Azure Power Forty Two Private Limited	(1)	(0.00%)	(2)	0.01%	-	0.00%	(2)	0.01%
Azure Power Forty Three Private Limited	39,081	17.14%	(168)	0.68%	-	0.00%	(168)	0.66%
Azure Power Forty Four Private Limited	4,304	1.89%	(159)	0.64%	-	0.00%	(159)	0.63%
Azure Power Forty Five Private Limited	-	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Forty Six Private Limited	5,638	2.47%	(7)	0.03%	-	0.00%	(7)	0.03%
Azure Power Forty Seven Private Limited	0	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Forty Eight Private Limited	0	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Forty Nine Private Limited	-	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Fifty Private Limited	-	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Fifty One Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Two Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Three Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Fifty Four Private Limited	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Azure Power Green Private Limited	-	0.00%	(0)	0.00%	-	0.00%	(0)	0.00%
Azure Power Maple Private Limited	117	0.05%	(284)	1.15%	-	0.00%	(284)	1.12%
Subsidiaries incorporated outside India								
Azure Power US Inc.	4,504	1.98%	(199)	0.80%	-	0.00%	(199)	0.78%
	641,851	**281.56%**	**(24,624)**	**99.16%**	**488**	**100.00%**	**(24,136)**	**95.03%**
Adjustments arising out of consolidation	(415,770)	(182.39%)	(209)	0.84%	-	0.00%	(548)	2.16%
Consolidated Net Assets/ Profit after tax	**226,081**	**99.18%**	**(24,833)**	**100.00%**	**488**	**100.00%**	**(24,684)**	**97.19%**
Non controlling interest	1,880	0.82%					(714)	2.81%
Associate (Investment as per equity method)								
Waaree Power Private Limited	-	0.00%					-	0.00%
Total	**227,961**	**100.00%**					**(25,398)**	**100.00%**

MSKA & ASSOCIATES GURUGRAM

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48. Impairment of assets and assets held for sale

The Group has recognized an impairment loss in relation to the Rooftop Subsidiaries aggregating to INR 7,565 lakhs during fiscal year March 31, 2021, as described below:

During fiscal year ended March 31, 2021, Azure Power Global Limited (Holding Company) has identified certain subsidiaries to sell off on a going concern basis, which currently form part of our Rooftop business. Subsequent to March 2021, the Holding Company entered into a contract with Radiance Renewables Pvt. Ltd. ("Radiance") to sell certain subsidiaries (the "Rooftop Subsidiaries") with an operating capacity of 153 MW, for INR 5,350 million, subject to certain purchase price adjustments (the "Rooftop Sale Agreement"). Pursuant to the Rooftop Sale Agreement, Radiance will acquire 100% of the equity ownership of the Rooftop Subsidiaries owned by the Company's subsidiaries, Azure Power India Pvt. Ltd. and Azure Power Rooftop Pvt. Ltd, as more fully described below.

The sale of Rooftop Subsidiaries having 8.4 MWs operating capacity is expected to be consummated within the next 12 months and accordingly the assets and related liabilities of these subsidiaries are shown as "Assets classified as held for sale" in the consolidated balance sheet at March 31, 2021. The Group has recognized an impairment loss of INR 1,988 lakhs in the Consolidated Statement of Operations in this respect, as shown below.

Further, as per the terms of the Rooftop Sale Agreement in respect of the 43.2 MWs capacity which are operated through certain subsidiaries of Holding Company, referred as entities of the Restricted Group (which had issued Senior Notes/Green Bonds during previous years) 48.6% of the equity ownership will be transferred to Radiance on the closing date, and pursuant to the terms of these Green Bonds, the remaining 51.4% can only be transferred post refinancing of Green Bonds. As the refinancing of the Green Bonds are not anticipated to occur within 12 months from the reporting date, the assets and liabilities of these subsidiaries are not presented as "Assets classified as held for sale" and instead continue to be classified within the related assets and liabilities in the balance sheet as at March 31, 2021. Also there are restrictions on transfer of equity ownership relating to the 16 MW project with Delhi Jal Board (DJB), wherein 49% of the equity ownership will be transferred to Radiance on closing date, and the remaining 51% will be transferred on or after March 31, 2024. Accordingly, the related assets and liabilities of the DJB 16 MW project are not presented as "Assets classified as held for sale" and will continue to be classified within the related assets and liabilities in the balance sheet as at March 31, 2021

In the event the sale of the Rooftop Subsidiaries does not occur, the Holding Company must reimburse Radiance the equity value of the assets not transferred along with an 10.5% per annum equity return.

The Group has further identified a subsidiary for sale, on a going concern basis at expected consideration of INR 1,611 Lakhs. Subsequent to year end, Company has entered into a sale agreement with buyer and pursuant there to, 100% of the ownership of this subsidiary was transferred to the buyer on receipt of consideration. The Company has recognized an impairment loss of INR 820 lakhs in the Consolidated Statement of Operations in this respect.

The Holding Company has determined that the decision to sell the Rooftop Subsidiaries and the subsequent execution of the Rooftop Sale Agreement are indicators of impairment and therefore the Group has undertaken an impairment assessment for the Rooftop Subsidiaries. Management used the Sale price in the Rooftop Sale Agreement as its best estimate of the recoverable vale of the Rooftop Subsidiaries. The assets and liabilities of the Rooftop Subsidiaries classified as held for sale, together with the calculation of the related impairment loss is shown below.

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AZURE POWER INDIA PRIVATE LIMITED New Delhi

Azure Power India Private Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2021
(INR amount in lakhs, unless otherwise stated)

	As at March 31, 2021
Assets	
Non-current assets	
Property, plant and equipment	4,153
Capital work-in-progress	579
Right-of-use assets	1,433
Financial assets	
- Loans	5
- Other financial assets	199
Deferred tax assets (net)	670
Income tax assets (net)	20
Other non current assets	837
Total non-current assets	7,896
Current assets	
Financial assets	
- Trade receivables	163
- Cash and cash equivalents	96
- Other bank balances	1,112
- Loans	410
- Other current financial assets	36
Other current assets	38
Total current assets	1,855
Total assets (A)	9,751
Non-current liabilities	
Financial liabilities	
- Lease liabilities	1,343
- Borrowings	1,077
Provisions	2
Other non current liabilities	237
Total non-current liabilities	2,659
Current liabilities	
Financial liabilities	
- Lease liabilities	133
- Trade payables	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	103
- Other current financial liabilities	226
Provisions	2
Other current liabilities	29
Total current liabilities	493
Total liabilities (B)	3,152
Net Assets (C =A-B)	6,599
Fair Value * (D)	3,324
Impairment loss (E=C-D)	3,275

*Fair value is calculated after adjusting for costs related to the Rooftop Sale Agreement amounting to INR 467 lakhs.

The impairment loss recorded in relation to the Property, plant and equipment of the Rooftop Subsidiaries not classified as held for sale was INR 4,290 Lakhs, as shown below.

	As at March 31, 2021
Assets	
Non-current assets	
Carrying value of Property Plant and Equipment	26,286
Fair Value *	21,996
Impairment loss	4,290

*Fair value is calculated after adjustment for the expected timing of the proceeds from the sale and other costs related to the Rooftop Sale Agreement amounting to INR 305 lakhs.

MSKA & ASSOCIATES GURUGRAM

AZURE POWER INDIA PRIVATE LIMITED New Delhi

49. Events after the reporting period

The Group has considered internal and external information in the preparation of financial statements including the economic outlook and believes that it has taken into account the possible impact of currently known events arising out of the COVID-19 pandemic. In continuation to notification issued by The Ministry of New and Renewable Energy ("MNRE") with a direction to all state DISCOMs to reiterate that all renewable energy facilities in India have been granted "must run" status and this status of "must run" remains unchanged. The power plants have remained operational as electricity generation is designated as an essential service in India. Based on the current collection experience, the Group has not seen a material impact on accounts receivables collections due to COVID-19. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

Subsequent to the year end the Group has entered into a binding agreement to sell off certain assets. See also note 48.

Further, subsequent to the year end, the Supreme Court of India while disposing petition filed under public interest litigation (PIL) aimed at the conservation of two species of birds, the Great Indian Bustard and the Lesser Florican, which are protected species in the states of Rajasthan and Gujarat vide its order dated April 19, 2021 instructed the states to install diverters, as well as the conversion of overhead power lines to underground lines, subject to technical evaluation of such conversion by a committee set up by the Supreme Court in this regard. Further, the conversion of overhead cables into underground power lines, wherever considered feasible by such committee, is to take place within a period of one year. The order mentioned the pass through of portion of such expenses incurred by the Group to the ultimate consumer, subject to approval of the Competent Regulatory Authority. Management has preliminarily assessed that any costs incurred to comply with the said order are likely to be substantially or wholly recoverable by the Group under provisions of change in law and/or force majeure of their respective PPAs. Given the preliminary nature of the order and the ongoing assessment by the aforementioned committee, the Restricted Group has not provided any amount for this matter at March 31, 2021

The Group has recently received several anonymous whistleblower reports, which made various claims against Group's certain Key Managerial Personnel. The Group through its Audit Committee, and with the assistance of external counsel and forensic auditors, has undertaken an investigation to determine whether the allegations contained in the whistleblower reports are substantive. The investigation did not substantiate the allegations contained in the whistleblower reports. Nevertheless, the Group has determined that a review of certain of its processes is required to ensure continued compliance with its internal policies and procedures.

50. Reclassification

For the purpose of these financial statements, figures of previous year have been regrouped/ reclassified where necessary.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm registration number: 105047W

MSKA & ASSOCIATES GURUGRAM

Manish P Bathija
Partner
Membership No: 216706
Place: Gurugram
Date: 26/08/2021

For and on behalf of the board of directors of
Azure Power India Private Limited

Ranjit Gupta
Director
DIN: 00100872
Place : New Delhi
Date: 26/08/2021

Barney Sheppard Rush
Chairman
DIN: 07384044
Place : Chevy Chase, MD, USA.
Date: 26/08/2021

Pawan Kumar Agrawal
Chief Financial Officer
Place : New Delhi
Date: 26/08/2021

Kapil Sharma
Company Secretary
Place : New Delhi
Date: 26/08/2021

AZURE POWER INDIA PRIVATE LIMITED New Delhi